

Tax Savings

Presented by **John Roach**
February 23, 2026

Roach Ag Mission

Planning done before retirement can make your family serious money.

We are not about tax tricks.

This is about keeping capital in the family!

Roach Ag Financial LLC

We are in the 4th year of deferring taxes and our customers are very happy with their results.

We have helped nearly 100 farm families generate extra income by selling crops at higher prices without paying taxes on those sales.

We then helped them invest that extra income in a managed retirement account just in time for a nice up move in the equity market.

Smart Business

- Farmers are in a capital-intensive business. Smart farmers delay paying taxes to keep from depleting their operating cash.
- Over a farming career that delay creates a growing snowball of unsold inventory and unpaid taxes for most farmers.



How Big is Your Snowball?

- Grain stored on the farm
- Grain stored off the farm
- Checks held until after January 2nd
- Livestock for sale
- Anything that has been depreciated that will be sold

How big is your tax liability?

- At retirement that snowball is taxable income when the farm has few expenses to offset the income.
- Most farmers will pay the highest marginal tax rates of their career the year or two they retire.
- Retirement accounts and planning can minimize the IRS bite.

Mindset Shift

Change your thinking from.. “I have to spend money to avoid taxes.”

Instead think: “I want to save money and avoid taxes.”

Retirement plans are the best way to avoid taxes.

Your deadline to take advantage is 3 years before retirement.



Types of Retirement Plans

[Individual Retirement Arrangements \(IRAs\)](#)

[Roth IRAs](#)

[401\(k\) Plans](#)

[SIMPLE 401\(k\) Plans](#)

[403\(b\) Plans](#)

[SIMPLE IRA Plans](#) (Savings Incentive Match Plans for Employees)

[SEP Plans](#) (Simplified Employee Pension)

[SARSEP Plans](#) (Salary Reduction Simplified Employee Pension)

[Payroll Deduction IRAs](#)

[Profit-Sharing Plans](#)

[Defined Benefit Plans](#)

[Money Purchase Plans](#)

[Employee Stock Ownership Plans \(ESOPs\)](#)

[Governmental Plans](#)

[457 Plans](#)

[Multiple Employer Plans](#)

[Help with Choosing a Retirement Plan](#)



Annual Contribution Limits

[Individual Retirement Arrangements \(IRAs\)](#)

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IRAs

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Lifetime Contribution Limits



A cash balance plan is a defined benefit plan custom designed by an Actuary.

- Determines the maximum permitted annual retirement benefit under IRC §415 limits.
- Discounts that future benefit back to today using IRS-mandated actuarial assumptions.
- Calculates the required and allowable annual contribution range needed to fund that benefit by retirement.
- Certifies the funding level each year to ensure the plan satisfies ERISA and IRS minimum funding rules.
- This certification is what keeps the plan compliant.

Modern Plan Design

- Must be a legitimate retirement plan not tax dodge.
- Completely custom for you, your business and family situation.
- Scalable – The contributions made to the plan can always be lower and sometimes can be scaled higher.
- Flexible – The contribution amounts can be flexible from year to year and amongst the ownership group.
- Easy to Change, Pause, or Exit - The Contribution amount can be changed at any time, all contributions can be frozen for up to one year, further, the Plan can be terminated.
- Most farm tax advisors have no experience with a cash balance plan and lack the knowledge to properly advise you.

The Way to Think About It



- Defined Benefit Plans have lifetime limits, not annual contribution limits.
- Your benefit limit is based on a three-consecutive-year average income, not a single peak year.
- Higher average earnings support a larger Cash Balance Plan “bucket.”
- How big is your potential bucket?
- We can show you how to make your bucket large enough to carry your entire snowball.
- Key Question: Do you want to pay peak tax in one year — or control taxes over time and grow your capital?

Check Your Earnings

www.ssa.gov

<https://socialsecurity.gov/reviewyourstatement>

1-800-772-1222

Work Year	Earnings Taxed for Social Security	Earnings Taxed for Medicare (began 1966)
1966-1980	\$40,091	\$40,091
1981-1990	\$171,004	\$171,004
1991-2000	\$264,681	\$264,681
2001-2005	\$174,005	\$174,005
2006	\$33,082	\$33,082
2007	\$58,139	\$58,139
2008	\$1,562	\$1,562
2009	\$74,936	\$74,936
2010	\$55,558	\$55,558
2011	\$106,800	\$175,573
2012	\$521	\$521
2013	\$77,284	\$77,284
2014	\$117,000	\$186,593
2015	\$0	\$0
2016	\$0	\$0
2017	\$0	\$0
2018	\$0	\$0
2019	\$0	\$0
2020	\$69,198	\$69,198
2021	\$13,130	\$13,130
2022	Not yet recorded	Not yet recorded

Average Your Three Best Consecutive Years

1:	<input type="text" value="2012"/>	<input type="text" value="\$521.00"/>	Inc Year 1:
2:	<input type="text" value="2013"/>	<input type="text" value="\$77,284.00"/>	Inc Year 2:
3:	<input type="text" value="2014"/>	<input type="text" value="\$186,593.00"/>	Inc Year 3:
d Average:		<input type="text" value="\$88,132.67"/>	

4 Years to Retirement...

Based on the data from the previous slides, an actuary will determine how much the IRS will allow you to contribute and deduct

Plan Year	Age	Pension Plan Investment Deposit	Pension Plan Investment Deposit	Pension Plan Life Insurance Funding	Total Pension Plan Contribution
1	66	302,363	302,363	0	302,363
2	67	302,363	302,363	0	302,363
3	68	302,363	302,363	0	302,363
4	69	0	0	0	0
Totals		907,089	907,089		907,089

Each Tax year from 2021-24 Farmer John paid taxes on
\$206,799 net income.

Married Filing Jointly				
Tax Rate	From	To	Tax Owed	
10%	\$0	\$ 23,850	\$ 2,385	
12%	\$ 23,851	\$ 96,950	\$ 8,772	
22%	\$ 96,951	\$ 206,700	\$ 24,145	
24%	\$ 206,701	\$ 394,600		
32%	\$ 394,601	\$ 501,050		
35%	\$ 501,051	\$ 751,600		
37%	\$ 951,601	\$ 1,000,000		
			\$ 35,302	Taxes Paid
			\$ 105,906	3 years

I can't sell any of my \$1.0 Mil snowball because of taxes. I don't want to pay over the 22% rate.

Farmer John harvested his last crop in 2025. After the New Year he started selling off his \$1.0 Mil snowball with few farm expenses to deduct in 2026.

Married Filing Jointly				
Tax Rate	From	To	Tax Owed	
10%	\$0	\$ 23,850	\$ 2,385	
12%	\$ 23,851	\$ 96,950	\$ 8,772	
22%	\$ 96,951	\$ 206,700	\$ 24,145	
24%	\$ 206,701	\$ 394,600	\$ 45,096	
32%	\$ 394,601	\$ 501,050	\$ 34,064	
35%	\$ 501,051	\$ 751,600	\$ 87,692	
37%	\$ 951,601	\$ 1,000,000	\$ 17,908	
			\$ 220,062	Taxes

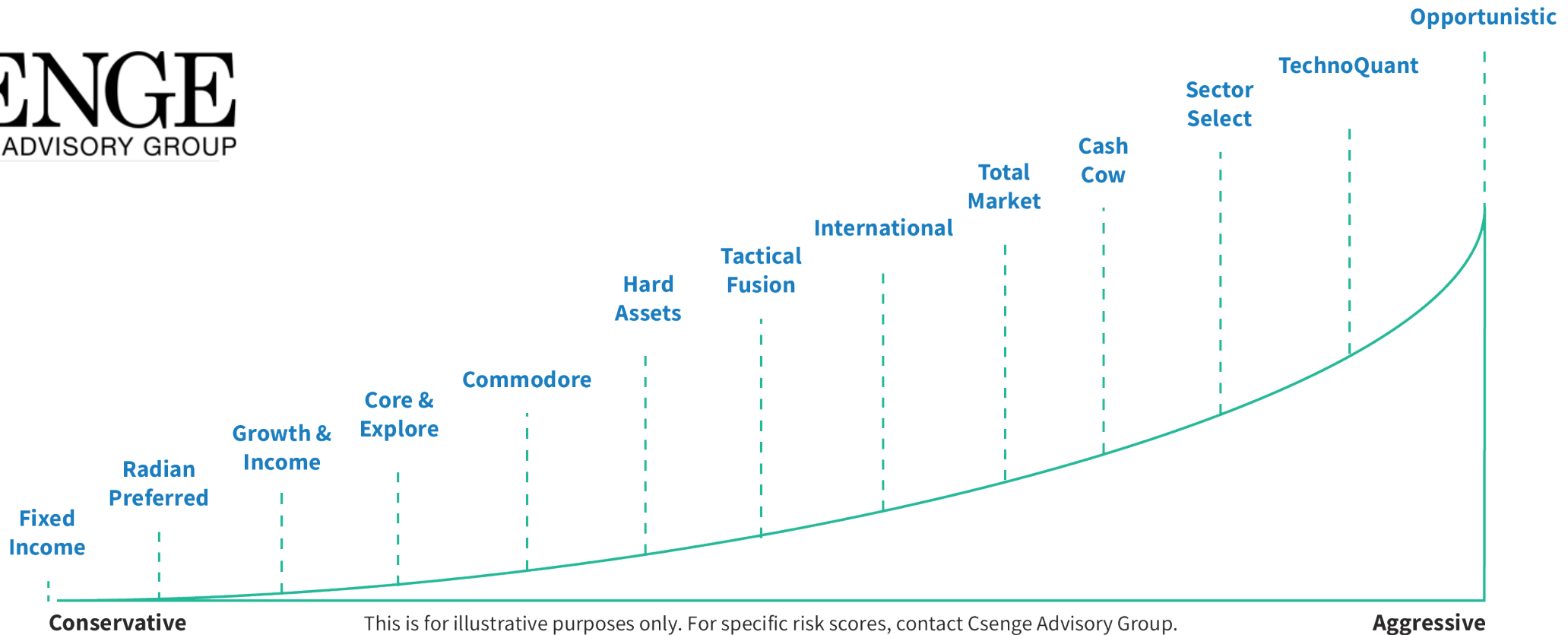
John can't believe the taxes. He will be left with \$779,038 to put into a taxable investment account.

Each Tax year from 2021-24 Farmer Bob paid taxes on \$206,799 net income. He also sold \$300,000 of his \$1.0 mil snowball and put that money into a Cash Balance Plan with us. His final crop harvest was 2025.

Married Filing Jointly				
Tax Rate	From	To	Tax Owed	
10%	\$0	\$ 23,850	\$ 2,385	
12%	\$ 23,851	\$ 96,950	\$ 8,772	
22%	\$ 96,951	\$ 206,700	\$ 24,145	
24%	\$ 206,701	\$ 394,600		
32%	\$ 394,601	\$ 501,050		
35%	\$ 501,051	\$ 751,600		
37%	\$ 951,601	\$ 1,000,000		
			\$ 35,302	Taxes Paid
			\$ 105,906	3 years
			\$ 11,828	2026 taxes

I deducted \$300,000 from my taxes for 3 years as a qualified retirement contribution putting the money in a conservative investment account. I will have to pay taxes on my much smaller \$100,000 snowball in 2026.

What happened to the \$300,000 per year in the cash balance account?





	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	YTD
● CAG - Growth & Inco...	7.38%	15.08%	-4.70%	19.73%	11.54%	14.36%	-11.07%	11.20%	11.85%	13.02%	2.90%
● Benchmark	5.72%	14.45%	-4.50%	19.33%	12.56%	12.61%	-13.53%	16.66%	12.44%	15.27%	1.43%



Chris Roehm
CFP®
Wealth Advisor



Sean Money Penny
CFP®
Wealth Advisor

Chris Teaches Continuing Ed to CPA's

- 246 Attendees Since September 2025



This hypothetical example assumes \$300,00 was invested on January 1st each year for 3 years.

What happened to the \$300,000 invested in his cash balance account?					
2022	\$	300,000	-11.07%	\$ (33,210)	\$ 266,790
2023	\$	566,790	11.20%	\$ 63,480	\$ 630,270
2024	\$	930,270	11.85%	\$ 110,237	\$ 1,040,508
2025	\$	1,040,508	13.02%	\$ 135,474	\$ 1,175,982
2026	\$	1,175,982	2.90%	\$ 34,103	\$ 1,210,085

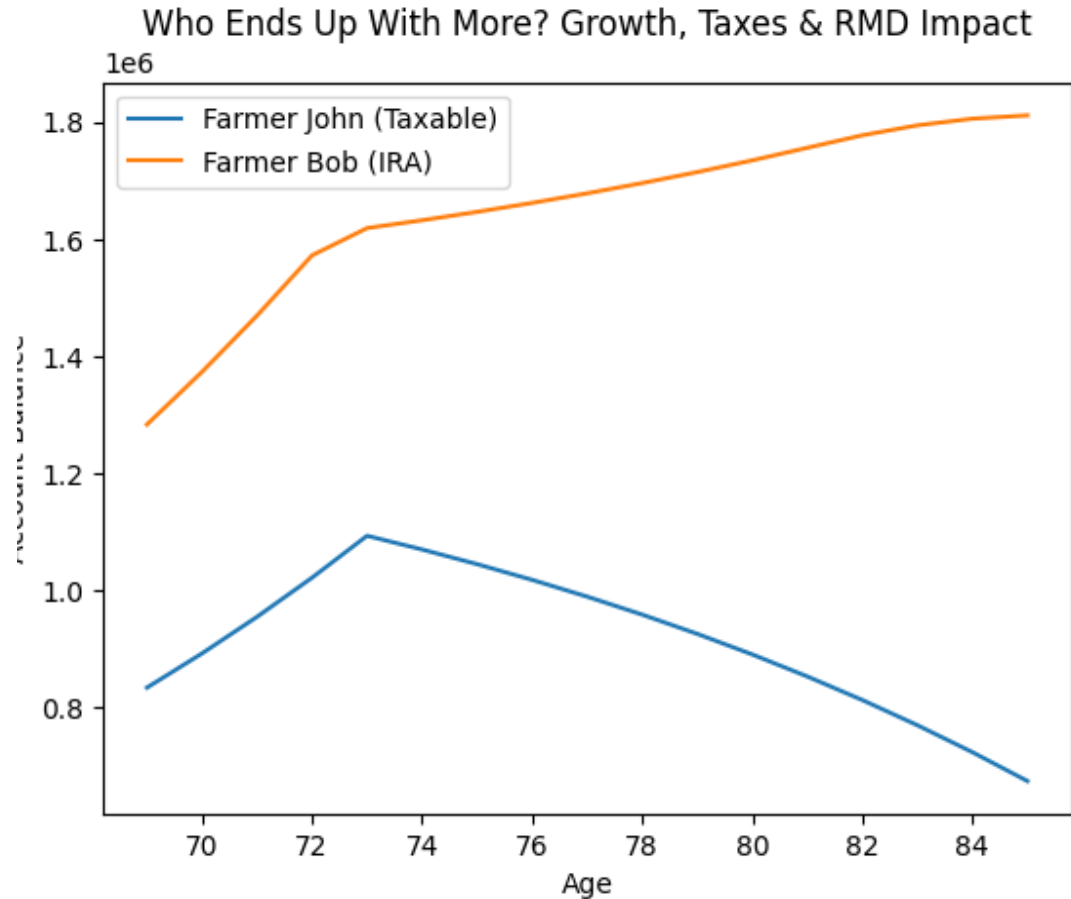
Farmer Bob now has \$1.2 million growing in a tax-deferred investment account.

Roach Ag Financial LLC Results

Farmer John will have a 2026 tax bill of \$220,062 and will be starting retirement with \$779,038 in a taxable account.

Farmer Bob will have a 2026 tax bill of \$11,828 and will be starting retirement with \$1.2 million in a retirement account which grows without taxes until he takes Required Minimum Distributions.

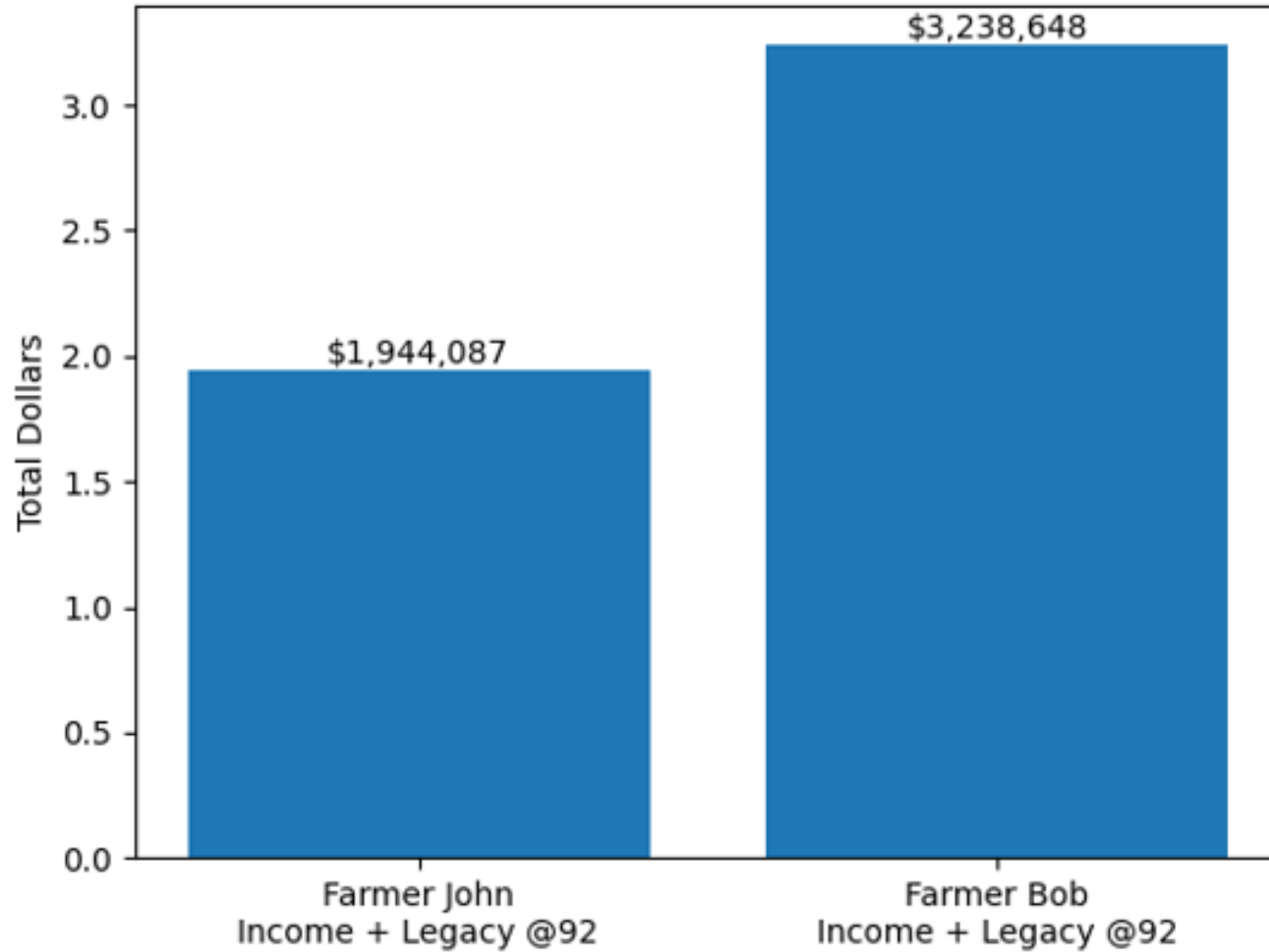
Growth, Taxes & RMD Impact of 7% returns & taking \$100,000 per year starting in 5 years – Both pass at 85 years old



- Farmer John Net Income: \$1,104,945
- Balance at 85: \$675,031

- Farmer Bob Net Income: \$889,259
- Balance at 85: \$1,812,022

Total Family Impact at age 92



I'm not ready to retire, forget about my snowball. Just tell me how much tax I can save. I have \$400,000 of income,

Tax calculation for \$400,000 income

Married Filing Jointly			
Tax Rate	From	To	Tax Owed
10%	\$0	\$23,850	\$ 2,385.00
12%	\$23,850	\$96,950	\$ 8,772.00
22%	\$96,950	\$206,700	\$ 24,145.00
24%	\$206,700	\$394,600	\$ 45,096.00
32%	\$394,600	\$501,050	\$ 1,728.00
35%	\$501,050	\$751,600	\$ -
37%	\$751,600	\$9,999,999	\$ -

\$82,126

Let's look at a \$100,000
contribution

\$400,000 income less
 -\$100,000 contribution = \$300,000 taxable

Married Filing Jointly			
Tax Rate	From	To	Tax Owed
10%	\$0	\$23,850	\$ 2,385.00
12%	\$23,850	\$96,950	\$ 8,772.00
22%	\$96,950	\$206,700	\$ 24,145.00
24%	\$206,700	\$394,600	\$ 22,392.00
32%	\$394,600	\$501,050	\$ -
35%	\$501,050	\$751,600	\$ -
37%	\$751,600	\$9,999,999	\$ -
			\$57,694

You just saved \$24,432 in taxes,

Let's look at a \$193,300
contribution

\$400,000 income

-\$193,300 contribution = \$206,700 taxable

Married Filing Jointly			
Tax Rate	From	To	Tax Owed
10%	\$0	\$23,850	\$ 2,385.00
12%	\$23,850	\$96,950	\$ 8,772.00
22%	\$96,950	\$206,700	\$ 24,145.00
24%	\$206,700	\$394,600	\$ -
32%	\$394,600	\$501,050	\$ -
35%	\$501,050	\$751,600	\$ -
37%	\$751,600	\$9,999,999	\$ -

\$35,302

You just saved \$46,284 in taxes.

THE WALL STREET JOURNAL.

The Retirement-Savings Weapon Doctors and Lawyers Use to Build Wealth

Cash balance plans have exploded in popularity and now hold more than \$1 trillion of wealth



ILLUSTRATION: BLAKE CALE

By [Anne Tergesen](#) [Follow](#)

March 8, 2025 9:00 pm ET

Taxlink

The Pros and Cons of a Cash Balance Plan

12/16/2022 | 8:36 AM CST



By [Rod Mauszycki](#), DTN Tax Columnist

JOURNAL OF ACCOUNTANCY®

The rise of the cash balance pension plan

Become familiar with this hybrid type of pension plan and its advantages for the right businesses.

By Grant S. Donaldson, CPA

January 1, 2023

2027 Crop Market Cruise & Seminars at Sea



Paul Neiffer, CPA, is a thought leader on income and estate tax planning services and FSA planning related to farmers and their families.

Paul is a nationally recognized speaker on many subjects related to farmers and processors including:

- Tax planning
- Estate tax and succession planning
- Farm management accounting
- Paul instructs thousands of CPAs each year

What We Need for Discussion Draft



- Date of Birth
- Business Entity (Sole Prop, S-Corp, Partnership)
- 2025 Income Projection
- Highest Average Income over 3 Consecutive Years
- Employee Census

Makes Sense If You Think About It...

- Just like big corporations used to offer executives, you can set up a pension plan for yourself.
- The IRS allows retirement contributions based on your three best consecutive years, age and mortality tables not an annual contribution cap.
- A plan design expert determines the contribution amount needed today to fund your retirement benefit.
- The older you are, the closer you are to retirement, the shorter time you have to fund the plan, and this is what creates the large deduction.

Learn how to keep capital in Your Family

Take The Be Sure
Assessment™

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