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2026 Cash Balance Plan Report

Executive Summary

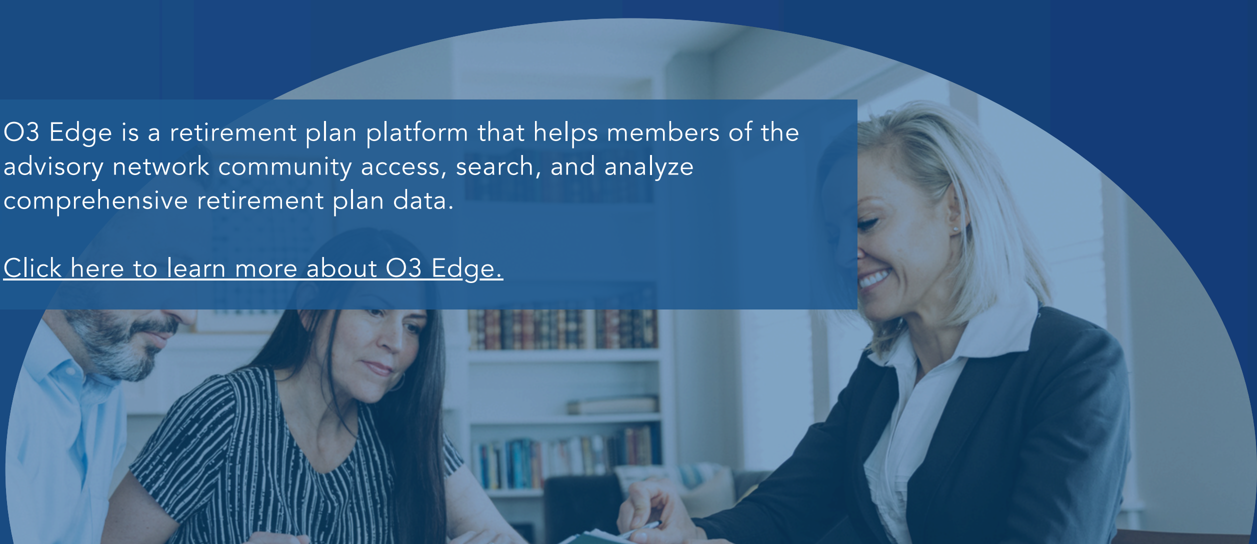
Within the universe of Defined Benefit (DB) plans, Cash Balance plans have grown in popularity over the past decades. Though many legacy DB plans remain, Cash Balance plans have now emerged as the market leader.

While traditional DB plans have fallen out of favor due to several factors, employers still recognize the benefits of providing a plan that offers their employees greater security through lifetime income without the administrative complexity and funding risk associated with traditional DB plans. As a result, Cash Balance plans have become an attractive option.

October Three’s 2026 Cash Balance Plan Report is an in-depth analysis of Department of Labor Form 5500 filings for Defined Benefit plans going back to 2015 and includes the most current 2024 data. All Form 5500 information was accessed through October Three’s O3 Edge database platform.

Key Findings

- Cash Balance plans currently outnumber traditional DB plans by nearly 2 to 1.
- Between 2015 and 2024, the number of Cash Balance plans increased by nearly 70%, while the number of traditional DB plans decreased by more than 50%.
- While traditional DB plans still have a greater amount of assets and number of participants, Cash Balance plans have been closing the gap consistently each year.
- Traditional DB plans are far more likely to be frozen compared to Cash Balance plans.
- The healthcare sector leads businesses in the number of Cash Balance plans, while manufacturing leads in the number of plan participants.
- Out of all new Cash Balance plans implemented with over 100 participants since 2018, the market-based interest crediting rate is the most common plan design structure.



O3 Edge is a retirement plan platform that helps members of the advisory network community access, search, and analyze comprehensive retirement plan data.

Click here to learn more about O3 Edge.

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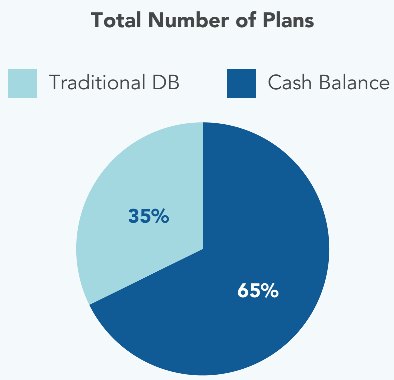
Number of Plans

According to October Three's analysis of Form 5500s filed for the 2024 calendar year, Cash Balance plans now make up roughly 65% of all Defined Benefit (DB) plans in existence today.[1] Cash Balance plans numbered 24,898 compared to 13,571 for traditional DB plans.

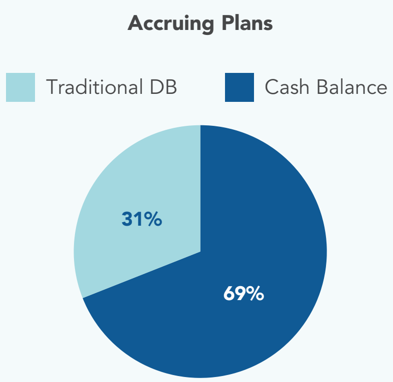
Accounting for both traditional DB and Cash Balance plans which file on an "off-calendar year" and have not yet submitted a Form 5500 for 2024, we project those counts to rise to 25,600 for Cash Balance plans and 15,500 for traditional plans.[2]

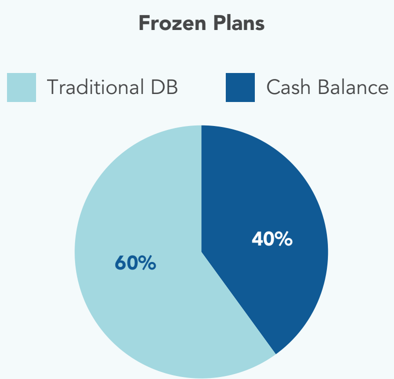


Out of more than 41,000 DB plans in the market (traditional and Cash Balance combined), roughly 74% are accruing, while frozen plans account for 26% of all plans.

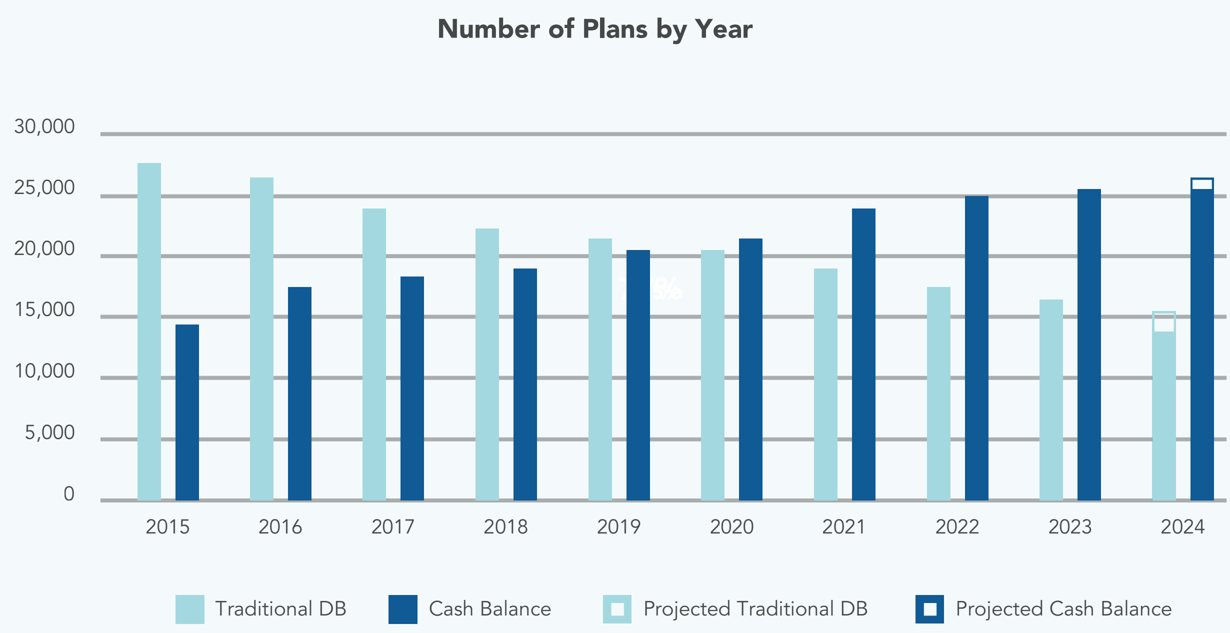
Further analysis shows that, of the accruing plans in existence today, 69% are Cash Balance and only 31% are traditional DB. Meanwhile, traditional DB plans make up 60% of all frozen plans.

traditional DB plans are legacy plan designs that typically carry higher levels of risk and are more difficult to manage than Cash Balance plans, resulting in a higher proportion of frozen plans.





Number of Plans by Year (2015 - 2024)

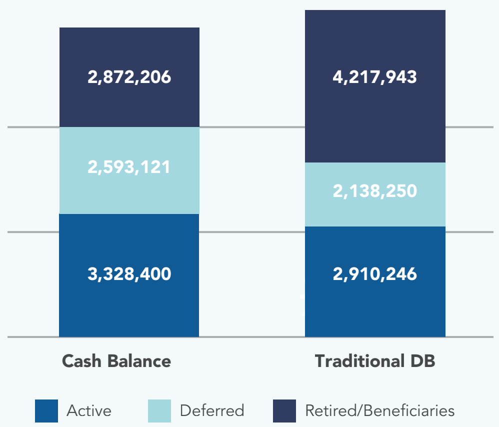


An analysis of annual plan filing data dating back to 2015 shows a consistent increase in Cash Balance plans, while the number of traditional DB plans has declined. Since 2015, the number of Cash Balance plans has increased by nearly 70%, while the number of traditional DB plans has decreased by more than 50%.

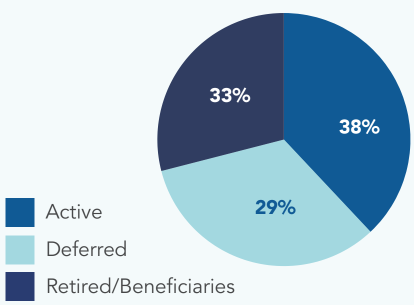
In 2015, traditional DB plans numbered more than 27,000 plans while Cash Balance plans numbered just under 15,000. As of the latest 2024 filings, Cash Balance plans now number roughly 25,000 compared to about 13,500 traditional DB plans.

Number of Plan Participants

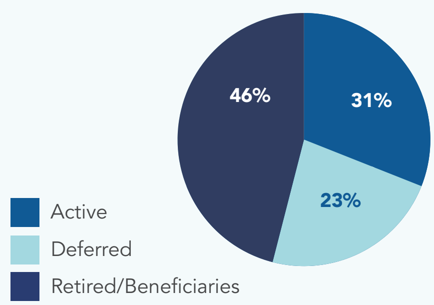
Plan Participants



Cash Balance Plan Participants



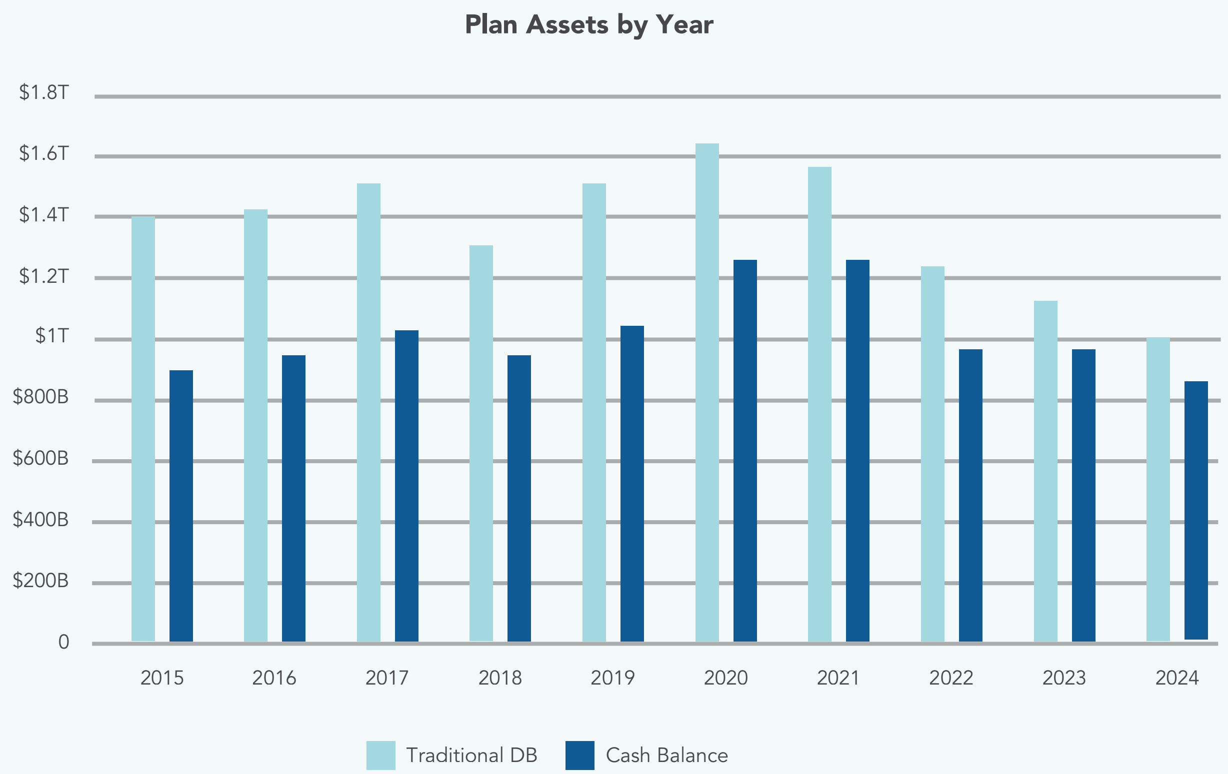
Traditional DB Plan Participants



Traditional DB plans still exceed Cash Balance plans in total plan participants with 9.3M compared to 8.8M. Traditional DB plans typically have a much larger proportion of retirees than active or deferred participants, while Cash Balance plans, which are usually newer, are more evenly split and tend toward active participants.

Plan participant numbers are based on the Form 5500 filings as of the publication of this report.[3]

Plan Assets by Year



The overall decline in plan assets across all Defined Benefit plans since 2021 is partially attributable to the large number of retiree payouts from frozen traditional DB plans, which are not adding participants.

Further contributing to this decline since 2021 are high levels of Pension Risk Transfers (PRTs) over the past few years. Favorable market conditions have led to plan funding surpluses, while high interest rates have put downward pressure on annuity purchase prices. As a result, many plan sponsors have seized the opportunity to de-risk their plans in the past few years.

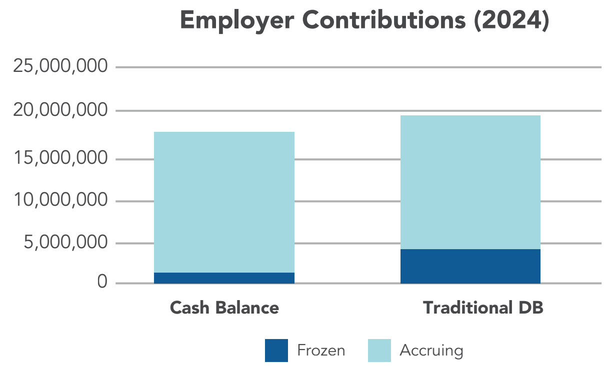
Plan assets experience fluctuations year over year due to many factors. The expansion and contraction of assets annually is well matched between Cash Balance and traditional DB plans. However, the difference between traditional DB assets and Cash Balance plan assets has consistently decreased year over year.

The 2024 numbers reported here do not include estimates for late-filing plans.[4]

Employer Contributions (2024)

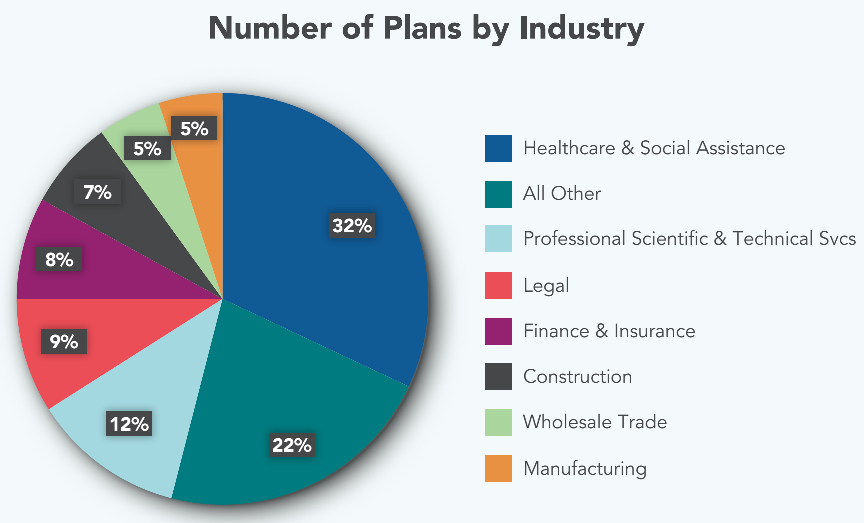
For plans that have filed for the 2024 calendar year thus far, U.S. employers have made more than $38B in contributions to their plans--$19.7B to traditional plans and $18.7B to Cash Balance plans.

Of the employer contributions made to traditional DB plans, 22% went to frozen plans, while only 10% of Cash Balance plan contributions went to frozen plans.

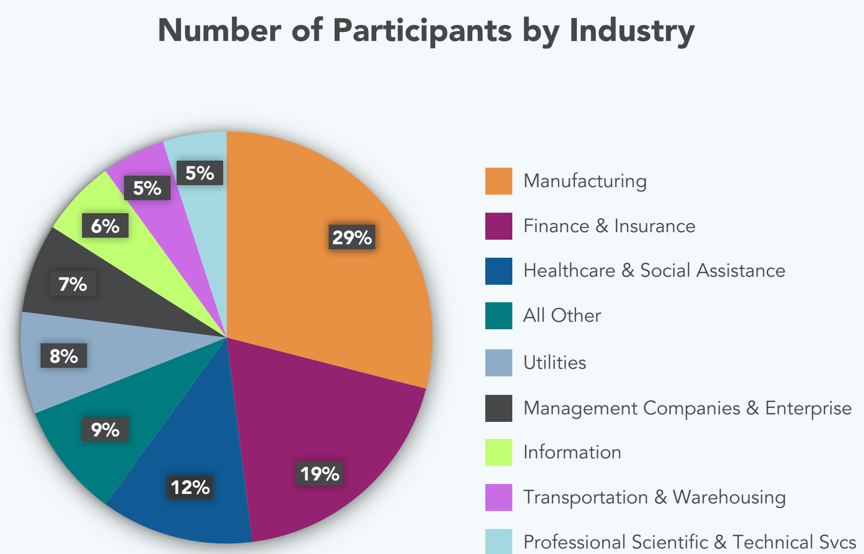


Plans/Participants by Industry

The Healthcare sector accounts for 32% of all Cash Balance plans at roughly 8,800 plans. Professional Services and Legal Services round out the top three industries with 3,300 plans and about 2,300 plans, respectively.

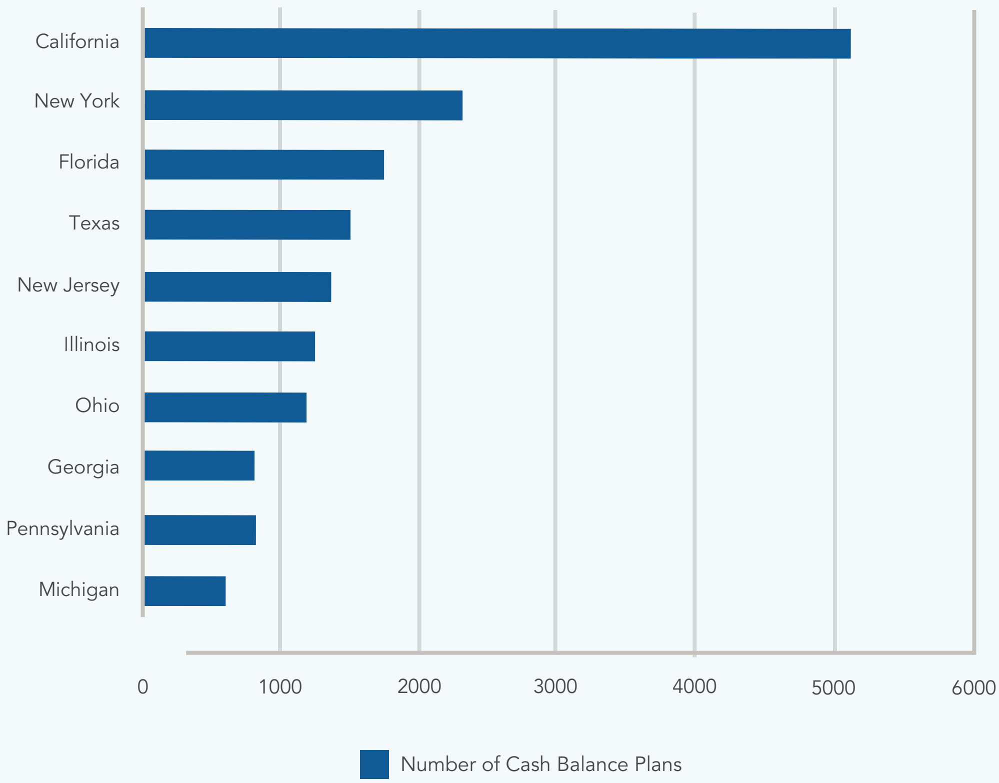


By number of plan participants, Healthcare businesses come in third with 1 million participants, behind Finance & Insurance at 1.7 million, and Manufacturing with the largest proportion at 2.5 million participants.

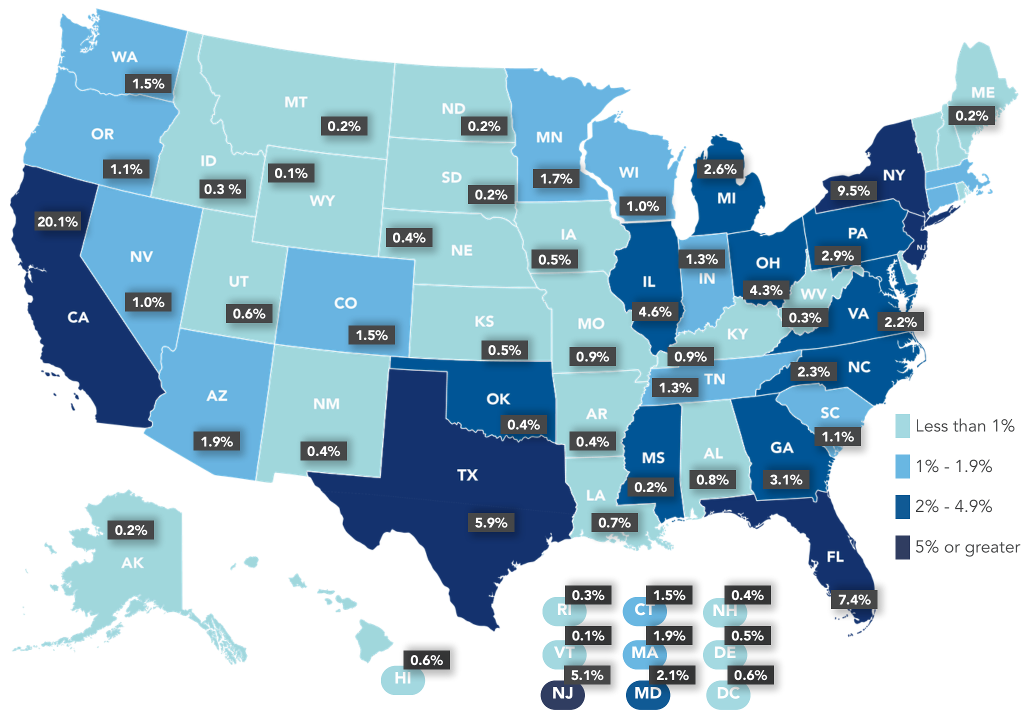


Cash Balance Plans by U.S. State

Top 10 States



The top three states with the greatest number of Cash Balance plans are California, with 5,200, New York, with about 2,500, and Florida, with just under 2,000. The map to the right breaks down the percentage of all Cash Balance plans by state.

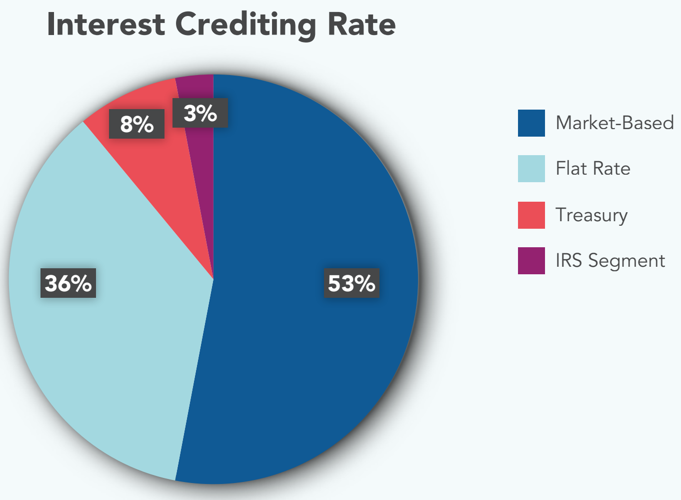


Interest Crediting Rates

The two most common Interest Crediting Rates (ICRs) for Cash Balance plans are market-based (or rate of return) and flat rate (typically 4-5%).

October Three analyzed Form 5500 filings for all new Cash Balance plans with 100 participants or more that have been set up since 2018[5]. Of those plans, Market-Based Cash Balance plans made up 53% while plans with a flat rate made up 36%.

Plan sponsors have largely favored a market-return ICR because Market-Based Cash Balance plans are low volatility and carry lower contribution and investment risk compared to their fixed-rate counterparts. Proposed FASB accounting changes for market-based plans will make them more attractive over the coming years (see page 11).



Small Cash Balance Plans

Form 5500 filings do not represent the entire universe of Cash Balance plans, as certain plans are not required to file with the Department of Labor because they are not subject to the Employee Retirement Income Security Act (ERISA).

For example, one-participant plans, those with assets less than $250,000, and religious organizations represent some of the plans that are exempt from filing and are therefore not included in the Department of Labor data. As our data is derived from Form 5500 filings, the actual data for the number of plans, participants, and assets for these small plans are not reflected in this report.

Those plans account for a significant increase over the reported numbers for Cash Balance plans.

What We're Watching

FASB Accounting Changes

On January 14th, 2026, the Board of FASB took a significant step toward clarifying the accounting treatment for Market-Based Cash Balance plans. Once finalized, this will mean that well-managed Market-Based Cash Balance plans will be immune from the accounting risk and volatility typical of Defined Benefit pension plans. This change is likely to encourage most plan sponsors with a fixed-rate Cash Balance plan to transition to a market-based ICR to minimize ongoing risk and volatility.

Read More About FASB Here

Lifetime Income

Industry groups have been ramping up support for lifetime income solutions in retirement savings plans. In January 2026, the House Committee on Education & Workforce held a hearing titled "Modernizing Retirement Policy for Today's Workforce," in which they discussed lifetime income options for American workers. The evolving conversation around lifetime income could have policy and commercial implications that will impact the uptake of solutions that guarantee predictable lifetime retirement income, including Cash Balance plans.

Read More About Lifetime Income Here

Appendix

1. As of the calendar year Form 5500 filing deadline for DB plans
2. October Three analysts made projections to account for the number of off-calendar year plans that have not yet filed for 2024 and are, therefore, missing from the current 2024 data. These projections are based on comparisons made to late filings from past years. Actual plan numbers will be updated in future reports.
3. Due to the number of variables that influence the number of plan participants, October Three did not make participant count estimates to account for late-filing plans. Instead, data was reported based on 2024 filings where available, and 2023 filings, if a corresponding 2024 filing was not present for that plan.
4. Due to the number of variables that influence plan assets, October Three did not make plan asset projections in this report to account for plans not filing on the calendar year.
5. Interest Crediting Rate (ICR) data is based on Form 5500 filings as of the most recent filing year (2024). October Three analyzed the interest crediting rate of all new plans with at least 100 participants with an effective date of January 1, 2018, or later.

Authors

John Kleiser
Actuarial Practice Leader

Alex Kuhel
Partner

Ryan Stevenson
Chief Marketing Officer

Sean Harris
PR & Market Intelligence Leader

Methodology:
October Three conducted an analysis of Form 5500s filed for the 2024 calendar year for all defined benefit plans. All Form 5500 data was accessed through October Three's O3 Edge database platform. The purpose of this research was to gather data to compare Cash Balance plans with traditional DB plans and to identify trends across defined benefit plan types.

Contact Us

For Cash Balance Questions

Beau Cork
bcork@octoberthree.com

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octoberthree.com