

# BERNSTEIN CASH BALANCE ADVISORY SERVICES

## Is Your Cash Balance Plan Invested for Today's Risks?

Today, many seemingly conservative cash balance plans face hidden risks. The asset allocation for a cash balance plan must be carefully constructed to balance the desire for growth with the need for protection against loss.

### WHAT IS THE INVESTMENT GOAL FOR MOST CASH BALANCE PLANS?

- Plan assets are pooled and typically invested with the goal of matching the target rate of return. The target return can vary by plan design and demographics, but many cash balance plans have a return goal between 4%–5%.
- Exceeding or falling short of the target return can cause over- or underfunding issues that plan sponsors would rather avoid.
- Most plans traditionally invest in bond-dominated portfolios.

### WHAT ARE THE CHALLENGES IN TODAY'S INVESTMENT LANDSCAPE?

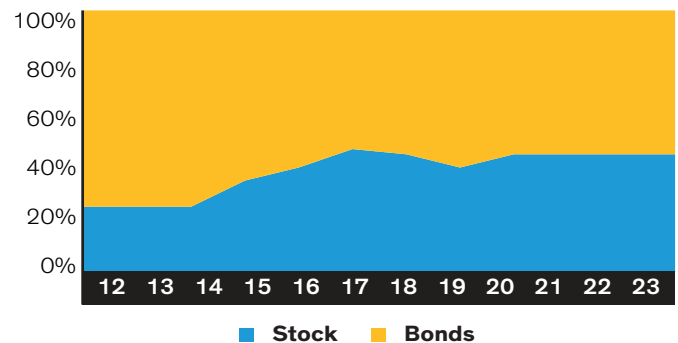
- When interest rates rose significantly in 2022, intermediate duration bonds exposed the portfolio to substantial loss. This will continue to be a challenge if interest rates continue to rise.
- An allocation to return-seeking investments like stocks can help diversify the portfolio, but can substantially increase volatility.

### HOW DOES BERNSTEIN HELP PLAN SPONSORS MANAGE THESE RISKS?

- The mix of stocks and bonds is repositioned each year based on input from Bernstein's proprietary Wealth Forecasting System<sup>SM</sup>, which is calibrated to current capital-market conditions.

- To protect against the potential for continued rising interest rates, we currently diversify the bond portfolio by including
  - Global Intermediate-Duration Bonds,
  - Inflation-Sensitive Bonds,
  - Income-Producing Bonds and
  - Limited-Duration High Income Bonds.
- Within the stock component, we allocate a portion to Global Low Volatility stocks, which have low beta to the market. In 2022 these stocks have proved to be highly protective, and have outperformed over the past decade.
- We control overall risk with Bernstein's Dynamic Asset Allocation overlay strategy as well as a buffered ETF strategy.

### HISTORY OF ASSETS ALLOCATION ADVICE



Please contact your Bernstein Advisor if you would like to review the investments in your cash balance plan and learn more about our strategies for success.

**Bernstein does not provide tax, legal, or accounting advice. In considering this material, you should discuss your individual circumstances with professionals in those areas before making any decisions.**

AllianceBernstein<sup>®</sup> and the AB logo are registered trademarks and service marks used by permission of the owner, AllianceBernstein L.P.  
 © 2023 AllianceBernstein L.P., 501 Commerce Street, Nashville, TN 37203

BER-1072-0223  
 Bernstein.com