

Feature	Pension Equity Plan	Cash Balance Plan
Benefit formula	Percent of earnings, may vary by age, service, or earnings	Percent of earnings, may vary by age, service, or earnings
How benefits are accumulated	Percent of earnings, as determined by the benefit formula, are accumulated each year, but the final benefit is not determined until employee leaves the plan	Dollar amount (benefit formula times earnings) placed in hypothetical account each year; interest on account balance also credited each year
Definition of earnings	Total accumulated benefit applied to final earnings, as defined by the plan; final earnings typically those in last 3-5 years before retirement	Percent applied to each year's earnings
How to determine value of benefits for current employees	Employees can multiply their accumulated percent of earnings times their final earnings as defined by the plan to determine their current benefit	Account balance is the current benefit
Distribution	Specified as a lump sum, but can be converted to an annuity	Specified as a lump sum, but can be converted to an annuity