

DASH FOR THE CASH!!

Double Advantage Safe Harbor 401k Plan

Tax law changes from 1999 through 2006; allow qualified plan designs to focus more heavily on the owner/employee group. The DASH plan is an innovation that maximizes tax leverage by stacking several code provisions. The DASH example below shows **90% of plan contributions allocated to the personal account of the business owner!**

	age	salary	Step 1 3% vested employer contribution	Step 2 401(k) elective deferrals by employees	Step 3 additional employer contribution allowed under "new comparability" cross testing rules	TOTAL ALLOCATION
OWNER	60	\$49,000	\$1,470	\$22,000	\$31,300	\$54,500
employee	54	33,000	990	-0-	660	1,650
employee	27	31,000	930	-0-	620	1,550
employee	27	29,000	870	-0-	580	1,450
employee	26	<u>23,000</u>	<u>690</u>	<u>-0-</u>	<u>460</u>	<u>1,150</u>
Totals		\$169,000	\$4,950	\$22,000	\$33,350	\$60,300

The first step in creating a DASH plan is to elect 'safe harbor' plan status by making a 3% contribution. These funds are 100% vested, but they buy the plan an exemption from the ADP testing requirements, which in turn, allows the Highly Compensated Employees (HCE) to maximize their elective deferrals (the second step) without the risk of plan disqualification. Thirdly, cross-testing is used to calculate the amount of additional contribution that can be made without diluting the allocations to the business owner.

Many small businesses are a perfect fit for the DASH formula! Business owners with employees that are substantially younger than themselves will find the DASH design especially lucrative.

GET THE DOUBLE ADVANTAGE OF A SAFE HARBOUR 401k!

ASK US HOW TO RECEIVE A TAX FREE INCOME AT RETIREMENT

*This information is not intended as tax or legal advice. It is simply a sample of what can occur in one specific situation. Please consult your tax advisor or attorney for advice on your exact circumstances.