

A Safe Harbor election ... the answer to low employee contributions that restrict salary deferral amounts of owners and key employees.

New 401(k) programs for this calendar year must be up and running by October 1, 2011....
Don't wait and risk losing another year of the maximum savings...The time to act is NOW!

The best 401(k) designs are more critical than ever!!

Safe Harbor Election: owners, family members and key employees may defer the maximum in 401(k) contributions even if other employees defer nothing...and it's legal

There is an October 1, 2011 deadline.

2011 is more than half over! There still is time to provide your existing and prospective clients with an opportunity to focus on income tax reduction **and replacement of lost retirement savings** by creating a 401(k) plan where contributions favor the business owner, family members and valued employees.

THE PROBLEM:

Owner's Myth: "We can't have a 401(k) plan because our employees won't contribute enough, and that prevents us, our family and key employees from making significant contributions. It's not worth it to have a plan."

While it's true that many plans severely limit contributions by owners and key employees, there are solutions to this problem.

THE SOLUTION:

Adopt a 401(k) plan with a Safe Harbor election. With such an election, the company agrees to make modest employee contributions that may take several forms: a 3% of pay contribution, a basic matching contribution, or an enhanced matching contribution. In each of these scenarios, **a 401(k) Safe Harbor contribution will allow all owners, their family members and Highly Compensated Employees to defer the maximum allowed (\$16,500 in 2011; \$22,000 for those who have attained age 50), even if other**

Call The MandMarblestone Group for a clear understanding of which Safe Harbor solution is best for your individual clients.

The MandMarblestone Group provides a complimentary 401(k) design consultation.

To learn more about our OCPP® plan and how this may benefit your clients, please call the MandMarblestone Group at 215-222-5000.

employees don't participate.

THE OPPORTUNITY:

The general rule is that **existing 401(k) plans** must make Safe Harbor elections a full month before the beginning of the next plan year (by December 1, 2011 for calendar year 2012). However, **newly established 401(k) plans, including conversions of existing profit sharing plans**, may still implement Safe Harbor elections for calendar year 2011, as long as the 401(k) salary deferral opportunity for employees is available for at least one calendar quarter.

That means new 401(k) programs for calendar year plans must be up and running no later than October 1, 2011. With less than 90 days to go, the time to move toward implementation is now!

WHAT TO DO NEXT:

The MandMarblestone Group offers complimentary 401(k) consultations and a variety of written and electronic support materials to help identify retirement plan opportunities that will work best for business owners.

WHY USE THE MANDMARBLESTONE GROUP?

Retirement plan design is our only business! The MandMarblestone Group has studied the fine print of IRS guidance and knows how to use the rules to meet an owner's contribution objectives and to remain compliant with 401(k) rules. This is especially important with a Safe Harbor election, since there are several different options and many specific timing requirements.

WE DO NOT OFFER INVESTMENTS:

The MandMarblestone Group is not an investment firm. We do not offer investments or provide investment advice. The MandMarblestone Group adds value through plan design and personalized consulting, working with many 401(k) investment platforms. We provide plan sponsors the opportunity to work with their trusted advisors.

HOW TO REACH US::

From initial consultation and analysis, through proposal, presentation, implementation, and personal support, contact one of us: Bob Mand, Ken Marblestone, Lori Gordon, Ian Haring or Mike O'Connell by phone or e-mail.

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SHARE THIS WITH YOUR FRIENDS:

We welcome you to forward copies of this timely advice to your friends, colleagues and clients.

We also remediate problematic plans to full IRS compliance.

☒☒ You also may reach us through our website: www.mand.com



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