

Welfare Benefit Plans

Most business owners want to save large amounts of money (potentially several hundred thousand dollars per year) towards their retirement on a tax-favored basis but they often find that the expenses (administration of a defined benefit plan, contributions for all employees, etc.) and the plan rigidity often outweigh the benefits. What we have found is that many of these business owners have not

Act of 2004 negatively impacted these types of plans by creating a set of restrictive rules (IRC Section 409A) and onerous penalties for non-compliance. Section 79 plans are excellent alternative benefit plans for key executives and business owners.

As we referenced earlier in this memo doing year end planning for individuals is more an exercise in identifying deductions after the fact then doing

area have a variety of different stock programs with their companies. Doing a protective collar on a client's stock grants can help them get a much higher after tax yield than they would get if they immediately sold the stock. This is done while eliminating any downside risk of holding the position.

Domestic Oil and Gas

When all else has been done and you still find yourself in California's top combined tax rate of 44.3%. An investment in a domestic oil and gas program can provide significant tax savings against ordinary income in the form of Intangible Drilling Costs. These IDC's are fully exempt from AMT.

Tax Loss Harvesting

We here at Excelcia believe that Tax-loss harvesting is a primary tool that should be used in our client's tax strategy. With the advent of powerful analytic tools to replicate the exposure of holdings that have unrealized losses, we are able to maximize a portfolio's tax efficiency while staying fully compliant of the IRS' wash-sale rule. These losses can be used to offset current or future years capital gains and in some cases up to a \$3,000 deduction from ordinary income.

Please contact Excelcia Financial Group to see how you can benefit from our experience and knowledge.



considered how a Section 79 plan can benefit them. Until recently, non-qualified deferred compensation plans were attractive employee benefit plans because they gave key employees the right to defer part of their income, and taxes, until sometime in the future. Although the deferrals were not deductible to the corporation until benefits were paid, these plans allowed the business owner the ability to carve out special groups of employees to whom these benefits would be provided. The American Jobs Creation

anything proactively. This, however, does not mean we are without some good year end strategies. Unfortunately there is not much you can do to mitigate the AMT which many of our clients in the Silicon Valley are subject to but there is something. After contributing to 401(k)s, taking mortgage deductions, funding a child's Roth IRA and giving to charity.

Protective Collar

Many of our clients in this geographic

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