



Crawford Associates – December 2009 Newsletter

Believe it or not, 2009 is quickly coming to a close. While for many it has been a tough year economically, others have managed to excel in these tough times. Either way, no one wants to pay any more taxes than necessary. That being said, I want to suggest that along with the myriad of holidays and events on your calendar this time of year, you take time to assess your financial status. Once you are clear on your financial situation and your goals, there are a number of year-end investment vehicles that are available to reduce your taxable income.

Here are just few of those to consider:

419 Welfare Benefit

This is a guaranteed retirement plan that minimizes your tax liability now and the money is accessible tax free in the future for a specified list of qualified benefits. This increases deductions, preserves wealth and protects future assets. It can be done in conjunction with other defined contribution plans like SEP or profit sharing plans. Since this is classified under a defined benefit section, it offers guaranteed income and credit protection as well.

401(K)

As the IRS website states, "a well designed plan can help attract and keep talented employees." The plan design over the last 10 years has allowed employers more freedom to customize their plan while easing the administrative burden. Plans vary from traditional to safe harbor to SIMPLE. Understanding the differences can allow a professional to customize the plan to your specific needs.

Alternative Investments – specifically oil and gas

There are a number of alternative investment options available; ranging from real estate REITs to welfare and pension benefit plans, as mentioned above. One that provides a particular benefit this time of year is investments in oil and gas. This alternative investment provides a significant initial tax deduction (estimated at 80 to 90%) as well as providing a long-term income stream. A statistic of note; natural gas provides 23% of the US energy supply. Also, due to progress in technology, costs associated with oil and gas investments have been reduced. An investment of \$100k approximately generates a \$28k tax savings. The income stream from this investment ranges typically from 20-35 years.

No matter the investment vehicles you select, it is important to have an overall financial plan. If we do not plan to succeed we will not know where our journey will take us! The above avenues are a just a few year-end planning tools that may prove to be beneficial to your specific plan.

We wish you success, prosperity and health in 2010 and trust that a positive outlook will let you look ahead.

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