



STAAARSM Strategies Report

Year-End Tax-Saving Ideas

- **Retirement Plans for Small Businesses:** If you are a small business owner, you have until Dec. 31 to start a qualified retirement plan. Contributions can be delayed until taxes are filed. Some plans may allow set-up at tax-filing. See your accountant and financial planner now.
- **Oil & Gas:** An investment now in oil and gas wells can produce a 100% write-off in 1999 and tax-favored cash flow in subsequent years. Of course such an investment entails certain risks and usually requires a long-term commitment.
- **Real Estate:** Some investments in real estate can produce current tax credits as well as future depreciation. Again, risks and the illiquid nature of real estate must be considered.
- **Accelerate Deductible Expenses.**
- **Accelerate Charitable Gifts:** If you know you are going to contribute early in 2000, do it now.
- **Use Appreciated Property for Charitable Gifts:** Get a current deduction plus avoid the capital gains tax.
- **Defer Income:** Some employers will be able to delay a bonus, or if you have individual clients, you can defer their billings. Of course such actions may not work depending on how the business does its accounting. See your accountant.
- **Offset Gains with Losses:** Review your investment portfolio and take appropriate actions.
- **Avoid "Buying a Dividend":** If you plan to make a large stock or mutual fund purchase in a taxable account, find out when the "ex-dividend" date is. If you own the stock or mutual fund on that day, you will be liable for taxes on any distributions made. Wait until after this date to make your purchase. This can be significant in December when many mutual funds make most of their distributions. Of course, sometimes the purchase makes sense even if you do need to pay some taxes, so consult your investment advisor and accountant first.

Ongoing Strategies: Include creating long-term capital gains vs. ordinary income, earlier deposits into IRAs and use of devices such as charitable trusts, irrevocable trusts, tax-deferred vehicles and even certain offshore trusts for high net-worth individuals.