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TAX UPDATE - March 2009

To Our Clients, Business Partners and Friends...

Wow! Anybody care to read some *Good News* for a change?!? Since the state of economic news is, shall we say, not overly positive – I thought some more uplifting news might be of interest to you all. Then I started trying to find some... Well how about this: our business is going well and many clients report the same – some are even able to view these conditions as a “buying opportunity.” Here’s hoping that your business can find those opportunities as well!

Plan Documentation under §409A

I hope to never have to write about this topic again. But since that isn’t likely to occur, at least there is nothing new to report on this front right now. If you still haven’t gotten your Plan amended for full compliance – shame on you and contact a legal advisor (or us) immediately!

Corporate Owned Life Insurance (COLI) Reporting

As a reminder, companies that have purchased COLI policies after 8/17/06 are required to report the existence of those post-8/17/06 policies to the IRS on an annual basis. **An information return, Form 8925, must be filed with the purchasers’ tax returns**, beginning with the 2007 tax year. Our clients should have already received the information from us for use in completing the 2008 forms. Please let us know if your auditors/accountants have any questions.

2009 News and Things to Watch For...

The biggest news in our world these days centers around the drama unfolding in Washington, D.C., related to executive compensation. In the past few weeks, Treasury announced regulations applicable to financial companies that had accepted TARP funds (or TRAP, if you are dyslexic or cynical – like me), only to be outdone by Congress and President Obama who signed the “stimulus package” into law, with different restrictions, shortly thereafter. So far, restrictions have only been placed on companies that have accepted federal bailout funds.

We are keeping our ears and eyes trained towards the “beltway” to make sure nothing else slips over the transom and into the compensation and benefit rules for companies not involved in the use of federal funds. We will keep you apprised if anything develops on that front in the coming weeks and months.

Thank you for the chance to be of service. Please let us know if we can provide you with any additional information related to these or other management compensation / benefit issues.

Finally, be on the lookout in the coming weeks for an announcement of our (founded in 1999) 10th anniversary in business! We will be having a small celebration to mark this business milestone and say “thank you” to all of our valued clients and advisors.