

# ENTERPRISE FINANCIAL STRATEGIES

For Business Owners, Executives,  
and Estate Planning



PACIFIC  
ADVISORS™

Complex Outcomes Require

# ADVANCED STRATEGIES

With tens of thousands of clients and decades of collective experience, our Pacific Advisors team offers many strategies to draw from to match your complex financial concerns and objectives. Given the wide availability of financial products in the marketplace, we are often asked how our strategies are distinct. This brochure introduces the specialized types of financial efficiency, optimization, and protection strategies we advance for our clients.

Optimizing Qualified Plans <i>Employee Benefits, and Executive Carve-Outs</i>	Coordinated Asset Strategies™ to Maximize Risk-Adjusted Return
Maximizing Qualified Split Interests and Charitable Opportunities in Tax Code	Recapitalization and Retained Earnings Rescue Strategies
Taking Full Advantage of TEFRA/TAMRA Funded Executive Life Insurance	Accelerated Depreciation Strategies, Cost Segregation & Tax Credit Analysis
Executive Non-Qualified Benefits and Deferred Compensation (COLI) <i>Non-dilutive, Key Employee Incentive Programs</i>	Uncommon Strategies Unlocking Illiquid Assets for Capital Growth <i>e.g. Real Estate, Options, etc.</i>
Captive Insurance Companies and Risk Carve Outs	Business Exit, Succession and Transition Planning
Asset Protection and Tax Strategies for Entity and Trust Design	Advanced Estate Strategies through Wealth and Opportunity Shifts

## EMERGING, TESTED, & PROVEN:

No one strategy fits everyone's needs, and no strategy is without risk. To match financial strategies with each client's situation, Pacific Advisors considers three categories to distinguish a spectrum for risk.

**PROVEN** strategies are based on IRS interpretations via revenue rulings and/or are upheld by broadly-applicable court decisions, and thus have the *least* risk.

**TESTED** strategies employ proven tactics arranged in a way that has not yet been proven, or the strategy has been upheld, though only in a single case (e.g., private letter ruling). These strategies carry *increased* risk.

**EMERGING** strategies refer to new, speculative, or educated approaches. These strategies may provide innovative approaches for consideration. They come with a *high* level of risk.



# STRATEGY VS. ADVICE

Many clients ask us the difference between providing strategy and offering advice.

When **providing strategies**, we introduce relevant plans of action and discuss how and when they can be used effectively.

When **offering advice**, we make specific recommendations based on your particular situations, objectives, and risk tolerances.

Our Advanced Financial Strategies Team offers bigger-picture, Coordinated Asset Strategies™ across numerous areas of financial concern, whether personal, family, or business planning. In nearly all cases, professional advice is regulated and necessarily limited to those with the appropriate professional licenses (Legal, Accounting, Investment, Insurance, etc.). As a financial services firm, we are able to offer specific advice in financial planning, investments, and risk management, yet we work collaboratively with other financial professionals for tax, legal or outside investment advice.

For example, we design advanced tax strategies for clients and then work closely with their trusted accountants, who provide specific tax advice, to verify the positive impact of the strategy on the client's tax situation. Similarly, we design and help implement customized estate planning strategies, working with estate planning attorneys, who provide specific legal advice, to verify the positive impact on the client's plans for the future.



STRATEGY

ADVICE


## Get started with our **TAX INSIGHTS™ PROGRAM**

Do you know how much money leaves your business and personal balance sheet each year, and why? How your company is structured, when you and others take compensation, and how you protect your assets and business in the future can all make a profound difference in how much of your hard-earned money you get to keep each year and over the years.

What if we could help you identify ways to reduce your tax liability and show you how to redirect resources towards your business or personal balance sheet? Using conservative, well-proven strategies that are often overlooked, we help you redirect that money to impact your net worth all along the way. Our mission is to help you financially produce and support a better life for the rest of your life, now and through retirement.

Our team specializes in locating tax and cash flow efficiencies, and showing you how multiple financial strategies can work together to create one complete picture. We work transparently and collaboratively on your behalf with your existing professional team of advisors, and we're committed to bringing everyone together to find the best answers for you.

In our experience, we routinely observe that most enterprises generating more than \$1 million of EBITDA annually will locate between \$100k - \$200k of undiscovered tax efficiencies on an annual basis. To demonstrate our ability to identify these efficiencies, we invite you to provide us with two years of your personal, corporate, and entity tax returns, along with a personal financial statement. We will meet with you to provide expert insights and observations and carefully explain the potential of our Coordinated Asset Strategies™ to best optimize your outcomes and increase the amount of money you keep each year.



*Set up a no-obligation  
call or meeting with  
us to look at the  
potential impact of  
these strategies on  
your financial and tax  
efficiency.*

# BALANCE SHEET THINKING

## For Your Business and Personal Finances

For centuries, balance sheets have enabled enterprises to measure and track owners' equity in businesses. Business owners don't often give full consideration to the transfer of value from a business balance sheet to their personal balance sheet in the most efficient manner.

A business balance sheet is essential, though perhaps more important is how it impacts your personal net worth.

*Working with three categories of balance sheets (**business, personal, and protected**), we produce advanced asset protection and significantly impact personal net worth.*

If your business is a key asset that you are counting on for your retirement, then **keeping all of your enterprise equity on the business balance sheet** until the end may be **more risk than necessary**. What if you could take value from the business all along the way to afford you the choice to live life on your terms? What if there were a way to keep the assets protected from lawsuit, creditors, or estate transfers so they are not all at risk? **Creating a plan to move assets from a business to a protected balance sheet is an area of specialty for our team.**

We have specialized strategies and proprietary tools to help you extract value from your business and transfer it to your personal balance sheet in a tax-efficient and creditor-protected way.



## Confidence Begins With ORGANIZATION

At Pacific Advisors, we offer a proprietary tool called **The Living Balance Sheet®**. This tool organizes your finances to help you make better-informed decisions and practices.

You get a wide-angle view of your business, personal, and protected finances, allowing you to adapt as your circumstances and desires change. This makes it easy to recognize the long-term potential of every dollar you earn, so you can make decisions toward achieving improved financial balance.



\* The Living Balance Sheet® is Guardian's electronic wealth organizational platform designed to help you take appropriate actions to achieve your desired results.

## Optimizing Qualified Plans, Employee Benefits, and Executive Carve-Outs

Many companies offer qualified retirement plans, such as 401(k) and profit sharing plans, to their employees. Business owners often discover that these plans fall short of allowing them and their key executives to contribute as much as they may wish. A specialized plan design is required for the leadership team to make significant personal contributions while maintaining care for employees, reducing costs, and mitigating risks. We can analyze your existing plan, share our proven strategies, and propose uniquely customized plans to produce outcomes you may not have known were possible.

There are numerous plans and strategies for added precision in meeting your leadership team's financial objectives. Our team can help you understand the nuances of qualified plans, such as defined contribution vs. defined benefit; profit sharing vs. cash balance plans; stock bonus plans vs. Employee Stock Ownership Plans (ESOPs); and market-dependent, defined benefit plans vs. fully-insured, defined benefit plans. Several considerations help with liquidity, capitalization, tax efficiency, and ways to get capital from your business balance sheet to your personal balance sheet effectively over time.

*Pacific Advisors specializes in identifying IRS-approved methods of **exclusions, inclusions, and coverage carve-outs** to design the best Coordinated Asset Strategies™.*





*Create recognizable impact in your community and new opportunities for business and personal growth. With a little planning, a charitable commitment for the future can produce significant tax advantages today.*

## **Maximizing Qualified Split Interests and Charitable Opportunities in the Tax Code**

Many people are looking for opportunities to make a significant impact on the causes that matter most to them while also producing financial efficiency for their business or personal finances. In addition to Qualified Split Interest Trusts (e.g., Charitable Remainder Trusts and Charitable Lead Trusts), the tax code allows for multiple charitable strategies to redirect dollars that would otherwise be paid out as taxes, to people and causes about which you feel strongly. These Coordinated Asset Strategies™ increase the opportunity for arbitrage on money not yet paid out to charity, providing the potential for greater risk-adjusted returns on your personal balance sheet.

Pacific Advisors deploys uncommon strategies that integrate the best of charitable and non-charitable planning methods, targeting the offset or (in some cases) elimination of income taxes, capital gain taxes, and even estate taxes. Surprisingly, some of these strategies are under-utilized despite having been included in the tax code for decades. When we take the time to plan our giving strategy, certain tax dollars can be redirected as financial and social capital towards our chosen causes. The net result is a recognizable impact in our communities and new opportunities for business and personal growth.

Charitable planning strategies are extremely powerful for the charitably inclined and are an effective consideration for many who are looking for ways to offset and eliminate tax obligations while creating a lasting legacy.

## Taking Full Advantage of TEFRA/TAMRA Funded Executive Life Insurance

While many people are aware of how a death benefit can help after the loss of a family member or business partner, few know how to leverage permanent life insurance for financial efficiency throughout one's lifetime. Permanent life insurance, as a promise-based asset, provides surprisingly effective outcomes for protection, liquidity, stability, growth, and financial efficiency. Like many financial instruments with unique advantages, the tax code has set clear guidelines for how to maximize the cash value growth in a permanent life insurance contract through TEFRA/TAMRA laws.

Our expertise in coordinating permanent life insurance with your portfolio, including other promise-based assets, market-based assets, tax efficiencies, and key-employee incentives, assures your personal, estate, and business liquidity concerns are optimally addressed. As a tier one asset class, as defined by the Office of the Comptroller of the Currency (OCC), TEFRA/TAMRA-funded life insurance allows for many methods of tax-efficient cash flow in life, including loans back to your business, college funding for your children, tax-free access to additional retirement income, and the ability to maintain a tax-free end-of-life benefit for your family and businesses.

*Maximizing the limits of TEFRA/TAMRA-funded life insurance allows for many methods of tax-efficient cash flow in life, including loans back to your business, college funding for your children, and tax-free access to additional retirement income.*





## Executive Non-Qualified Benefits and Deferred Compensation (COLI)

**Qualified Deferred Compensation Plans** offer special tax considerations in the present year and come with a host of IRS and ERISA requirements, administration costs, and limits to contributions. In contrast, Non-Qualified Deferred Compensation Plans (NQDC) eliminate ERISA concerns, have less-burdensome IRS requirements, and generate intriguing benefits. NQDCs are often structured as Supplemental Executive Retirement Plans (SERP) or Elective Deferred Compensation Plans (EDC), allowing business owners to contribute greater amounts to their own financial future and the future of key employees.

We help business owners arrange **protection from the catastrophic loss of a key executive or owner**, as well as create incentives to attract, retain, and reward the top leaders in an organization. In concert with the Pension Protection Act of 2006, we determine optimal company structuring and maximize the tax efficiencies of immediate and deferred compensation for business owners and key employees.

A business is not required to set aside assets to pay future non-qualified retirement payments. Pacific Advisors helps business owners determine whether informally funding their benefit promise, for example through the use of a business-owned permanent life insurance policy, is financially advisable. Structured properly, the life insurance policy produces a cost recovery mechanism for the employer and creates an asset on the business balance sheet that informally offsets any unfunded, accrued liability. The life insurance policy is a promise-based asset that produces tax benefits until constructive receipt of the compensation occurs. For employees, a NQDC plan provides tax deferrals (until constructive receipt), benefits for a spouse in the case of an untimely death, and builds trust in the company's promise of future benefits.

Our team can guide you through the variations of non-qualified deferred compensation and build a coordinated approach to meet your specific financial objectives.

*Non-Dilutive,  
Key Employee  
Incentive Programs  
can be key to  
attracting, retaining,  
and rewarding  
excellent leaders for  
your business.*

## Captive Insurance Companies and Risk Carve Outs

Businesses take on risk and liability as a matter of routine, and mitigating these risks usually takes the form of common, off-the-shelf insurance products. However, not all risks – even common ones – are best addressed by an off-the-shelf insurer. One example is an unexpected interruption or loss of business income, whether due to political changes, technological disruptions, legal changes, or just real life events with customers and employees. Business income interruptions are challenging to address with off-the-shelf products.

As a result, many business owners elect to leave cash reserves in the company in anticipation of future years and future risks. These cash reserves are then taxed as retained earnings. An alternative that many business owners consider is forming their own captive insurance company. Used for decades by many Fortune 500 companies, the Internal Revenue Code Section 831(b) now allows for small- and medium-sized businesses to form their own captive insurance companies. These captives, when properly underwritten and structured, offer several considerable opportunities: the ability to obtain rarely-available risk coverages; the ability to share liabilities in efficient captive pools with other businesses; the ability to produce an alternative to retained earnings to insure business interruption risks; and the ability to re-deploy underwriting surplus profit, net of claims. Our team can help you assess the appropriate options for your objectives and identify suitable vendors for forming your own captive structure.



## Asset Protection and Tax Strategies for Entity and Trust Design

Well-structured entities and trusts can optimize protection for your businesses, assets, and income from legal liability, creditors, and loss of value. Many owners are aware of how simple choices, such as electing as an S-Corp, can produce certain tax savings. The tax code, along with federal and state law, create countless opportunities for growing and protecting an enterprise. Because these rules can appear complicated, many of the opportunities go unrealized.

Pacific Advisors specializes in assessing your current structures, identifying available opportunities, and proposing strategies to optimize your position. Our team works with your trusted legal advisors, proposing business structures that generate additional tax efficiencies and designing trusts that move money from your business balance sheets to a protected balance sheet. Properly structured, these strategies not only care for your objectives today, but also align with longer-term objectives like business succession and estate planning. We can help you protect what you've built and keep more of what you earn, now and into the future.



*Well-structured entities and trusts help you keep more of what you earn and protect what you've worked so hard to build.*



## Coordinated Asset Strategies™ to Maximize Risk-Adjusted Return

Are you taking more risk than necessary to achieve your desired returns?

Traditional asset allocation managers measure just those assets found on exchanges such as NASDAQ and the NYSE. For many business owners, such investments are only a small percentage of their true asset holdings. They may invest significantly in asset classes like their own businesses, real estate, and capital equipment/inventory, which are left out of traditional portfolio assessments. Such isolated views mean that the unconsidered, actual risk business owners take in their full asset portfolio may directly contradict their risk profile and thwart their objectives.

We adapt traditional risk assessment methodologies, such as the Efficient Frontier model, and apply them to a wide-angled view of your overall financial situation. Whether you'd rather pursue higher returns for similar risk, or similar returns for less risk, coordinated asset strategies to maximize risk-adjusted returns are a specialty of Pacific Advisors.

## Recapitalization and Retained Earning Strategies

There is always a next stage to financial success. Even business owners with great accomplishments and successes today may recognize the need for recapitalization and structural changes to reach the next level.

Successful businesses excel at producing profits from operating capital, but are not necessarily optimized for generating the required capital for next-stage initiatives. Events such as recapitalization, acquisitions, or transitioning the business to other partners or family can be disruptive. Current business and capital structures are rarely optimized for dramatic change or rapid growth. Instead, current business and capital structures, built with all the best intentions, hinder tax-efficient cash flow and capital accumulation.

Pacific Advisors assesses your next-stage objectives and provides strategies for how to position assets and structures on business, personal, and protected balance sheets. Our assessment will analyze the structures for your businesses, recommending how and where to best incept entities and position ownership for increased capital, tax efficiency, and asset protection.

## ISOLATED vs COORDINATED

### Asset Strategies

Isolated asset strategies only consider the efficiency of one asset class at a time (e.g., market portfolios). Coordinated Asset Strategies provide cross-consideration for asset classes working together for greater overall efficiency and efficacy (e.g., market portfolios integrated with real estate, businesses, promise-based assets, etc.).





## Uncommon Strategies Unlocking Illiquid Assets for Capital Growth

Successful businesspeople rarely remove capital from a business or investment that is producing steady, effective returns. Many clients come to us with significant amounts of capital committed to long-term investments that are dedicated solely to the growth of that same, isolated asset. In our experience, illiquid capital is relatively inefficient when put to just one use.

Illiquid assets - including privately-owned businesses and real estate - are typically an opportunity for higher returns over time, offset by lower marketability and longer transaction cycles. Traditional financial advisors typically handle these as isolated, inaccessible assets. In contrast, our Coordinated Asset Strategies™ are designed to unlock your illiquid assets and amplify your full portfolio. We can help you identify multiple uses for illiquid dollars, producing arbitrage profit, tax efficiencies, and/or returns that can be re-directed back into your strategic portfolio.

Learn how to get started with

**TAX INSIGHTS™**

No common strategy will fit everyone's needs. Our team offers a wide array of uncommon strategies designed to produce effective outcomes for a range of personal and professional circumstances. To start exploring the nuances of your financial situation, and see whether our proven strategies will work for you, just request a no-obligation meeting with one of our advanced financial strategies specialists.

## Accelerated Depreciation Strategies, Cost Segregation and Tax Credit Analysis

Pacific Advisors coordinates numerous proven strategies for financial efficiencies, including accelerated depreciation, cost segregation, and tax credit analysis. Many business owners take advantage of straight-line depreciation of investment properties. Cost segregation strategies accelerate that schedule for inventory, certain types of trusts, and commercial or residential investment properties. Our strategies move depreciation dollars into your hands sooner, rather than later, so those dollars can be redeployed into your business or personal balance sheet. Other professional advisors often overlook cost segregation, not typically being familiar with the analysis required, making cost segregation an uncommon approach for offsetting passive income. Accelerated depreciation strategies make it possible to capture significant amounts of capital: the longer one has held the investment properties, the more significant the immediate opportunity. Pacific Advisors researches Coordinated Asset Strategies™ for qualifying government tax credit programs that fit your already existing practices. These credits can be substantial, depending on industry, utility incentives, size of company, and type of workforce.

Our Pacific Advisors team offers these insights and coordinated strategies as part of our comprehensive approach. We have a network of resources and professionals, including niche implementation specialists, to help select appropriate vendors for each unique business.



*Accelerated depreciation strategies make it possible to capture significant amounts of capital: the longer you've held the investment properties, the more significant the immediate opportunity.*

## Business Exit, Succession, and Transition Planning

Most owners of closely-held businesses are relying on the future sale of their business to produce capital for their later years. They hope and expect that a buyer will come forward and purchase the business for the full amount they have in mind. However, many business owners are surprised to hear that over **80% of companies under \$50 million in annual revenues fail to sell when put on the market\***.

Exit planning is not just a consideration for when you're ready to sell your business. Starting early, by assessing the market, learning what buyers will be looking for, and structuring your company for an eventual sale will put you in the best possible position for a successful exit.

Our team helps business owners discover how much their business is worth in a given market, whether today or in the future, internally transitioning to heirs or an open market sale. We identify the key variables that affect your enterprise value, and formulate ways to directly impact that value. We facilitate a discussion on the incremental changes you can make today to improve your enterprise in the eyes of prospective buyers. Enacting Coordinated Asset Strategies™ shifts value from your business to your personal balance sheet all along the way, decreasing your dependency on a one-time, future sale. Selling your business becomes an opportunity, not a necessity.

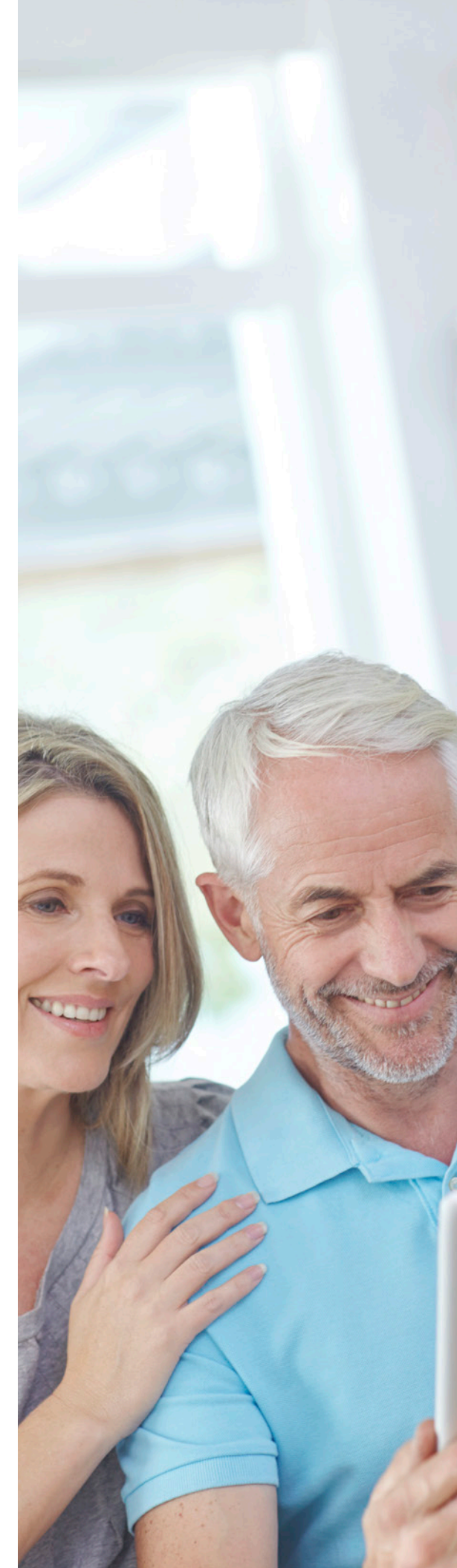
*\* Thomas L. West, The Complete Guide to Business Brokerage, (Business Brokerage Press, 2007) Page 36*

## Advanced Estate Strategies Through Wealth and Opportunity Shifts

Many successful business owners and executives readily confess that while focusing intently on their business, they have not given adequate consideration to how the business's assets will help them fulfill future lifestyle and legacy objectives. For those with significant estates, much is at stake: desire to maintain a good life for the rest of their life, commitments to positive community impact, guidance and support for family, and fulfilling business legacies.

There are many approaches to consider, dependent upon each person's values and objectives. As with business exit strategies, waiting to start estate planning significantly reduces options and limits the possible outcomes. Being proactive increases your options, reduces costs, and allows you to produce a greater impact.

A high-stakes topic, legacy discussions are full of financial complexities and personal passions. Our Pacific Advisors team brings a depth and breadth of knowledge alongside you and your family to produce outcomes you may not have known were possible. We propose opportunity shifts, strategically incepting new enterprise opportunities to make a significant impact. We synthesize Coordinated Asset Strategies™ for business transitions, financial shifts, and personal evolutions that produce financial security, tax efficiency, and asset protection for generations to come.



# CORPORATE FINANCIAL EDUCATION

## Corporate Curricula

73% of employees surveyed are very interested in having their employer provide programs to help them make decisions about their financial needs\*. Our Path of Confidence™ corporate curricula program has become an appealing option for many business owners, as an added corporate financial wellness benefit for their employees. We combine decades of collective experience to bring significant value to every level of an organization including leadership teams and individual employees.

## Integration Into Existing Benefits

We understand the need to vet any program or benefit you consider offering to your management and employees. Our pilot assessment program is structured to allow you and your leadership team to audition the educational workshop before a wider presentation to your company.

## Speaking & Workshops

We are often called upon to offer strategies in a wide range of group settings: speaking before businesses, community event participation, and localized financial workshops. Contact us for availability and more information.

*\* 2011 MetLife Broker and Consultant study: Prospering in a Post-Health Care Reform World.*

## Financial Stress & Work

Multiple surveys offer ample evidence of the impact of financial stress at work.

**One in five employees admit they skipped work** in the past year to deal with a financial problem.

- **24% of workers admit their personal finances** have been a distraction at work
- **39% of those workers spend at least three hours each week** either thinking about or dealing with financial problems at work.

**Overall, 40% of employees say that they want help in achieving financial security.** And that number is much higher (81%) for workers saying financial problems have affected their productivity.

*\* 2014 Consumer Financial Protection Bureau study: Financial wellness at work: a review of promising practices and policies.*



## HUMAN RESOURCE PROGRAMS AND EMPLOYEE BENEFITS

Companies and business owners juggle an array of concerns including offering a benefits package to employees, managers, and leadership that make your company competitive to attract and retain the best talent. There is a competitive and often confusing marketplace full of options. With decades of experience helping companies produce competitive group benefits, we can develop and maintain a comprehensive program so that you and your team can focus on what matters most: your business.

Pacific Advisors can not only create a hassle-free group benefits program, we also have the knowledge of advanced benefit strategies that help business owners and key executives maximize opportunity and bottom-line in conjunction with our group programs.

### Group Health Plans

- Health Insurance
- Group Dental
- Group Vision
- Group Life
- Group Disability (LTD)
- Group Critical Illness
- Flexplan

### Individual Life

- Whole Life
- Universal Life
- Variable Universal life
- Term Insurance

### Individual Disability

- Individual
- Small Business
- Retirement Protection
- Buy/ Sell

### Investment & Retirement

- 401(k) products
- IRA's
- Brokerage Accounts
- Managed Accounts
- Annuities
- Mutual Funds
- Investment advice

### Education & Wellness

- Financial Education
- Financial Organization
- Ask a Financial Specialist
- Individual Strategies

### Worksite

- Cancer treatments
- Stop Loss
- Accident
- Hospital Indemnity
- Supplemental
- Multi-Life Disability
- Multi-Life Life





# PACIFIC ADVISORS™

*A Good Life for the Rest of Your Life™*

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RETIREMENT



BUSINESS



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