



DEFERRED COMPENSATION PLANNING FOR MICROSOFT EMPLOYEES

MICROSOFT DCP OVERVIEW

- Available to employees level 67 and up. Like a **401(k)** “**on steroids.**”
- Can defer up to **75% of base salary** (in Nov.) and **100% of bonus** (in May)
- You can elect to have the money paid out “**Distributions**” when you leave Microsoft or a specific year.
- Once elections are made, **you cannot change** the amount deferred, the type of income (salary vs. bonus), Lump sum vs. installment distribution election, or In-service vs. post-employment distributions.
- You **may be able to change** the starting deferral date if it changes by five years.
- You **can always change** your investment allocation and your beneficiaries.

THREE COMMON QUESTIONS

1. **What is the risk?** While losses tend to be rare, it's important to assess the risk of your company and your personal risk associated with the plan. Calculate:
 - a. Your total exposure to Microsoft
 - b. Your DCP as a % of your net worth
 - c. Your distribution timeline
2. **What are the tax benefits?**
 - a. Tax Rate Benefits: Defer income now while at a higher tax rate to the future when you are in a lower tax bracket.
 - b. Tax Deferral Benefits: Deferring income allows you to invest more money now (because you aren't paying taxes on it) and allows your money to compound.
3. **How much to defer?** Assess your cash flow and consider selling MSFT stock or RSUs to help fund DCP contributions.

ACTION PLAN: HOW TO SAVE ON TAXES THIS YEAR

- Assess your risk in Microsoft
- Calculate your potential tax savings of DCP
- Determine the amount of sources of funding
- Take action!

DISCOVER HOW CORDANT CAN COLLABORATE WITH YOU TO MINIMIZE YOUR TAXES AND ENHANCE YOUR PORTFOLIO. 📌

**SCHEDULE YOUR
FREE ASSESSMENT**