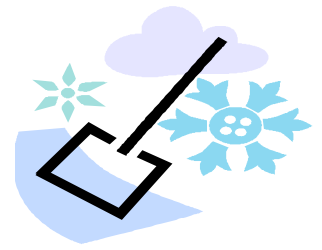




KH LAW NEWS

Bringing You Our Best

2007



This Holiday Edition Features:

~ Year End Tax Planning

~ Hospice Fundraiser Success

~ Holiday Tips for Divorced Parent

~ Happy Holidays from Krueger & Hernandez SC

~ Go Green!

~ KH Kudos

Year End Tax Planning: by Attorney Michelle T.L. Hernandez

It's that time of year again. 2007 has flown by and as always, it is important to review your year end tax projections to see what can be done to reduce your income tax obligations. In April, it is too late to position yourself to reduce taxes for the closed year. The time to act is NOW! Here are some tips on how to delay income and accelerate deductions. Of course, if you expect to be in a higher tax bracket next year, reverse this strategy.

Deduction Timing

Many people make charitable gifts during the holiday season. It may make a difference to your tax liability if the gift is made in December or in January. Making charitable gifts feels good; giving and achieving bigger tax savings feels even better.

Other common deductions are to pay your property taxes in December or pre-pay your January mortgage payment in December.

Year end Selling: Do you have some stocks that could be doing better? Now is the time to unload them. If you have them, you can sell enough to wipe out all your realized capital gains for the year- plus another \$3,000 (\$1,500 for married filing separately) in regular income. Be careful to avoid a wash sale (buying the same security within 30 days before or after you dump shares). Tax rules disallow the loss.

Income Timing

You may be able to control the timing of income by controlling the events which create income. For those of you who own appreciated mutual fund shares held over 12 months, and want to get out toward year's end, sell before the December dividend. By doing so, your full gain, including the amount attributable to the upcoming dividend, will qualify for the 15% rate. If this is not done before the December dividend, part of your dividend will most likely consist of ordinary income which can be taxed up to 35%. In the alternative, if you are buying a mutual fund share, you may want to wait until the distribution has been made.

Plan ahead in the workplace. If you have a 401(k) plan through your employer, now is when you'll need to state how much you'd like to contribute next year. The 2007 deductible maximum is \$15,500 (\$20,500 if you will reach the age of 50 or older by the end of the year). Now is also the time when employees must specify contributions to their flexible spending accounts. Withdrawals can be taken from these accounts for medical and dental insurance premiums, uninsured medical and dental expenses as well as child-care costs with no taxation.

AMT Warning

If your income is above about \$75,000 and you have significant write-offs for personal exemptions, state and local income, property taxes or interest on a home equity loan not used in actually improving the house, you may be exposed to the dreaded alternative minimum tax (AMT). The same is true if you exercise incentive stock options or had a significant amount of capital gains.

The AMT is an add-on tax over and above your "regular" tax amount. To assess your exposure before it's too late, you can get the most recent version of Form 6251 (www.irs.gov) and complete it using this year's numbers without potential year end planning moves. The results will be close enough for planning purposes. If you are a victim of AMT, you may not want to prepay state and local taxes before year end since it will not actually reduce your federal income tax bill as it is not deductible for AMT purposes. Also, putting off exercising stock options until next year to avoid the AMT trap may be a wise move.

The most important lesson is to plan. Don't just let taxes just happen! Krueger & Hernandez SC is committed to helping our clients keep more of what they have. For other information regarding estate planning, check out our website at www.kh-law.net.

Krueger & Hernandez SC is proud to announce the addition of an experienced tax specialist to our team. We will now be offering preparation of your income tax returns for a flat fee! Call our office today for more information at (800) 431-9776.

St. Clare Hospice Resident Fundraiser

Krueger & Hernandez recently sponsored a table at the St. Clare Hospice Fundraiser. We are happy to report that over ~~\$~~**\$17,000** was raised to benefit the hospice! The event featured a silent auction as well as a live bidding that kept everyone on their toes! Thanks to all who attended and helped to make the night a huge success!



Holiday Tips for Divorced Parents: by Attorney Mark L. Krueger

The holiday season can be especially draining during a divorce. Generally, the first major holiday following the divorce is the most dramatic. Divorced parents must communicate with even more patience, understanding, respect and tolerance than married couples to plan holiday travel, family get-togethers and gift-giving. Juggling schedules during marriage is hard enough and is even harder during and after divorce. Here are some tips for making sure everyone enjoys the holidays:

Plan Ahead: If possible, develop a parenting schedule *before* the holidays. Avoid scheduling the children for activities with both parents on the same day. Instead, try to arrange for each parent to spend the entire day with the children on alternating years. For example, dad could have them for the day in all odd-numbered years and mom in all even-numbered years.

Also, remember that certain holidays have more or less importance in different families. It may be that Thanksgiving is the holiday where one side of the family gathers all together and Christmas is spent with the individual family members on their own. In those situations, recognize the significance of the holiday and offer that those particular holidays are spent with said parent. The other can then enjoy the Christmas holidays.

You could also consider spending a holiday a day after or before the holiday itself. Children generally do not mind extending holidays for the obvious reasons. Although Christmas Day is only December 25, many intact families spend the holiday on a day other than the 25th.

Keep Your Word: Stick to the agreed schedule. Arrive on time to pick up the children or drop them off. You can be assured that the children will know what time they are supposed to be at the other parent's house for the holidays and running late for any reason will add additional stress to the children as well as to the parent sitting and waiting for his or her children.

Keep in Touch: If the children are not with you for the holidays, call them and be sure to send cards or e-mail. Also, remember their birthdays and significant holidays making sure that their gifts arrive on time for their birthday or the holiday. If the children are with the other parent during the holiday or event, call the children once, have an enjoyable discussion and then let it go. Remember when the children are with the other parent it is their time to be with their mother or father as well as that parent's extended family. Multiple phone calls only raises the stress level at both ends of the line.

Let the Children Keep in Touch: If the children spend the holiday with you, let them speak with the other parent. Give the children any cards or e-mails from the other parent and read the messages to young children who cannot read. If the children are too young to call, help them make or receive a call, and let them have a quiet moment to speak with the other parent. Make sure to avoid planning an exciting activity like gift-opening at the same time that the children are scheduled to speak with the other parent.

The Art of Gift-Giving: Coordinate gift-giving of the children with the other parent. Do not give your child a cell phone if you know the other parent is also giving your child a phone. Also, do not give a child a gift that you know in advance will not be tolerated by the other parent. A hunting rifle for a 12 year old may be a great gift between a father and a son but may not be acceptable for the mother. Discuss what each of you are planning to get for your child well in advance of the holiday. Also remember that simply because you give a gift to the child does not mean that gift must remain in your house.

Give Your Child Permission to Love Both Parents: If the child is too young to handle the task, help them buy or make a gift and card for the other parent. You are doing your child a favor, not your ex-spouse, because you are giving your child permission to love the other parent which is really the best gift that you can give.

If you'd like more information regarding divorce or child custody/placement, please call Attorney Mark L. Krueger at (866) 455-2993.



Wishing You and Yours a Very Happy Holiday
From all of us at Krueger & Hernandez SC

Mark L. Krueger
Eileen Shanks
Kera Palmer
Renee Nehring
Penny Bykowski
Dera Johnsen
Gregory Fumelle

Michelle T.L. Hernandez
Angela Nichols Philipp
Kara Sanger
Shelley Craker
Yadira Rein
Stacie Ray
Kayleigh Robinson



How Many Trees Have You Saved?!

Here at Krueger & Hernandez, we've managed to save **8** trees this year by using Shred It!

Just one more way that we're helping to ensure a safe future for your families.

Three Cheers for...

Krueger & Hernandez
welcomes Kayleigh Robinson to our
Baraboo Office!

Yadira Rein is celebrating her birthday!
12/23
Happy Birthday Yady!

