



KH Law News

The Edge on Today's
Top Legal News

Our Sparkling Issue Features...

-  It's All Going to the Dogs!
-  Estate Planning is a Necessity
-  KH Birthdays
-  KH Funny!
-  Top 10 Financial Mistakes
-  Welcome Penny!

To My Dog, Lucky, I leave \$10,000



Since the dawn of time, pets have held an important place in our hearts and our homes. Ancient Egyptians used to mummify faithful pets and have them buried with themselves. This was a dubious honor for the pet. Even in modern America, people have attempted to take their pets with them. For example, Mary Murphy died in 1979, leaving \$200,000 to Pets Unlimited, a shelter for pets. However, the more controversial provision in her Will was her command that her pet collie, Sido, be euthanized. The probate court found that Mary did not have the authority to have her pet euthanized.

But, the trend has been moving toward providing for your pets, rather than trying to take them with you. In 1993, Doris Duke, heiress to a tobacco fortune, left \$100,000 to her dog, Rodeo. Actress Betty White's Will reportedly leaves her entire estate to her pets. States are increasingly recognizing the validity of pet trusts.

How Does a Pet Trust Work?

You name a trustee to hold funds for the benefit of your pet. In times past and even on occasion today, the funds to care for the pet were simply left in trust for the pet's caretaker. Many states now provide for a trust naming the pet as beneficiary. The most common amount left in a pet trust is \$25,000. Of course, more may need to be set aside if you have a pet with a longer life expectancy, if your pet requires expensive medical care, or if you desire more extravagant care for your pet.

You can specify the caretaker of the pet and backup caretakers. You can set forth your exact wishes for the pet, including: Diet, daily routine, toys, grooming, socialization, medical care, and disposition of the pet's remains. The trustee and caretaker may be the same person, or you may choose different people for each role. By choosing different people, it provides a check and balance.

Pet trusts can be a great way to ensure your pets are cared for, even after you are gone. A qualified estate planning attorney can help you plan for your pets, so that they continue to get the love and care they deserve—even when you are not around to provide for them yourself.

Attorney Michelle T.L. Hernandez has extensive legal experience in the area of estate planning and is an active member of the American Academy of Estate Planning Attorneys. To schedule your free consultation today, simply call (800)431-9776.



Estate Planning is a Necessity

To ensure that your estate is distributed according to your wishes, an estate plan is a must-have! Without an estate plan, your family may be subjected to the long drawn out process of a probate proceeding, the costs of which are extensive and could be avoided with the right estate plan. To find out what type of plan may fit your needs, please call us today at (800) 431-9776 to schedule a free consultation with our estate planning attorney, Michelle T.L. Hernandez. You can also find out more on our website. Please visit us at www.kh-law.net to see what you can do to protect yourself and your family!



A Round of Applause!

It's Dera's Birthday!
July 16

Happy Birthday Dera!
Hope it's a
fabulous day!



KH FUNNY

A 2006 study found that the average American walks about 900 miles a year.

Another study found that Americans drink an average of 22 gallons of beer a year. That means, on average, Americans get about 41 miles per gallon. Not bad!!



TOP 10 FINANCIAL MISTAKES MADE IN DIVORCE (part 1 of 3)

Divorce in our society is an every day event. At least one-half of everyone who gets married gets divorced. The statistics increase even more for second and third marriages. Yet, although a common occurrence, a divorce can be as traumatic as the death of a loved one. Divorce is full of emotion, pain and sorrow. It is for that very reason that it is essential that a person facing a divorce must be represented by an attorney who understands the emotions and pain of a divorce.

Many decisions in a divorce are based upon emotion. Those emotional decisions can lead to financial mistakes that may significantly impact a person in the future. This article will outline what we believe to be the top 10 financial mistakes people make in a divorce and, hopefully, help people in avoiding these mistakes.

The first mistake is, "I'll take the house, you keep your pension." This is the most common mistake. Many people are emotionally attached to their home and cannot think of living in another house. Generally, the house comes with a cost... high mortgage, insurance, taxes, maintenance and repair bills. These additional expenses can devastate a person's finances.

Although the value of the house might be equal to the value of the pension, they are apples and oranges. The house requires income to pay for repairs, maintenance, improvements, taxes and assessments. On the other hand, a pension produces income and does not cost anything. A 50/50 division of assets appears to be equal but it may never be equitable. You cannot sell a door or a window to put food on your table. Remember, it is not how much we have that counts, it is what we can do with what we have that matters most.

The second financial mistake involves Qualified Domestic Relations Orders (QDRO). The QDRO is one of the most treacherous areas of divorce law. In fact, it is also the largest area of legal malpractice suits brought by people around the country. Many attorneys that practice family law do not fully understand how to divide a pension, and the various ways to do so, through a QDRO.

The house and the retirement plans are likely to be the largest assets in your marriage. Did you know that you could elect to commence your former spouse's pension even if they have not yet retired? The ages of each spouse are an important factor in this regard. You need to know the earliest possible retirement age and why you should mark that date on your calendar as the date you must absolutely commence your pension. You also need to find out how often the plan is valued by the administration firm and when the company's contributions are made to make sure you get your full share.

Another missed opportunity is forfeitures. When an employee leaves a company and is not fully vested in their plan, the non-vested portion is shared equally with the remaining participants in the plan. When the forfeitures are added to the plan is an important factor. Lastly, even though your QDRO may clearly spell-out that you are to receive 50% of the accrued benefit as of the date of the divorce, unless you are an actuary, 50% is something other than what you believe it to be.

The third mistake is failure to understand taxable options on division of your retirement plan. One of the pluses afforded to divorcing couples is that the tax laws are actually favorable. Under §1041 of the Code, virtually all transfers of assets between spouses are tax free if properly structured. In addition, a premature distribution from a qualified plan prior to age 59 1/2 can be facilitated without the traditional 10% federal penalty, and the 3.3% state penalty. This is a very powerful tool when used to reduce expenses or to pay off debts, i.e. attorney's fees, credit cards and other consumer debt.

Next month we will talk about COBRA benefits, tax consequences of assets and not planning for the tax consequences of maintenance or what used to be called alimony. If you, a family member or a friend have questions about divorce please contact our firm for more information at (866) 455-2993.

Disclaimer

The information provided in this newsletter is not intended to serve as specific legal advice. Viewing this information does not constitute an attorney-client relationship.

We here at Krueger & Hernandez SC wish your and yours a safe and relaxing 4th of July!

- *Mark L. Krueger
- *Michelle T.L. Hernandez
- *Penny Bykowski
- *Shelley Craker
- *Gregory J. Fumelle
- *Dera Johnsen
- *Renee Nehring
- *Stacie Ray
- *Kara Sanger
- *Eileen Shanks



Roll out the Welcome Mat!

We've added a new member to our firm!
Penny Bykowski has joined us at our Baraboo Office.

WELCOME ABOARD PENNY!

