

### DECLARING BANKRUPTCY JUST GOT HARDER

Both houses of Congress recently passed, and the President signed, a bankruptcy reform bill that imposes significant changes for consumers seeking to discharge their debts in bankruptcy. This new law will make filing for bankruptcy more difficult for many consumers and will take effect in October, 2005. Therefore, if you have been considering filing for bankruptcy, you would be well advised to speak with a bankruptcy attorney now before the new law takes effect.

Under current law most consumer debtors seeking bankruptcy relief generally file under Chapter 7 or Chapter 13. In a Chapter 7 bankruptcy, the debtor's assets are liquidated in order to pay unsecured creditors such as credit card companies and medical bills. In most cases all of the debtor's unsecured debts are discharged. However, in a majority of Chapter 7 cases most, if not all, of the debtor's property is exempt; and therefore, the unsecured creditors receive nothing and the debtor is generally discharged from his or her debts.

In a Chapter 13 bankruptcy the debtor enters into a repayment plan which extends from three to five years. Any unsecured debts that are not paid in full during the plan period are then discharged.

Under the new bankruptcy reform law, fewer people will be allowed to file under Chapter 7 and may be forced to file under Chapter 13. This is in part due to a new two-part "means test." A debtor will not be allowed to file under Chapter 7 if his or her income is above the state's median and he or she can afford to pay 25% of his or her unsecured debt. Furthermore, the new law provides few exceptions to the means test.

In order to obtain bankruptcy protection, you will be required to attend debt counseling through an approved non-profit credit counseling agency during the 180-day period preceding the date of filing of the petition.

Lawyers will be required to verify the debtor's income and expenses and may be held accountable if the debtor's information is found to be inaccurate. What this means to you is that it may be harder to find a bankruptcy attorney willing to file because of the additional expense occasioned by the new disclosures, making it likely that attorneys will charge more to file bankruptcy cases for their clients.

Under current law you are entitled to exempt \$40,000 of homestead equity by utilizing the Wisconsin exemptions in a Chapter 7 bankruptcy. The new law states that if you have not lived in the State of Wisconsin for at least two years you may only claim the exemption of the state where you have lived for the majority of the time for the 180 days prior to the two year period. This may not be as generous as the Wisconsin exemption.

*With these changes in mind, if you have been considering bankruptcy the time to speak with a bankruptcy attorney is now. If you have questions please contact Attorney Gregory J. Fumelle at (800) 431-9776.*

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Best Wishes During All of Your Summer Adventures!

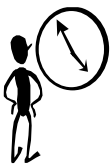
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#### Disclaimer

*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.*



**Don't Watch the Time Go By!  
Make a Move Today that will  
Protect your Future**

Receive a FREE consultation regarding your estate planning needs, whether you have been thinking about a Living Trust, Will, or Power of Attorney. Our estate planning attorneys will be able to assist you in preparing the documents that are exactly what you need for peace of mind in times to come.

Contact our offices today toll free at (866) 455-2993 to schedule your FREE appointment!



**WELCOME!**



We want to introduce you to Attorney Joseph M. Fasi II. He has recently joined our firm as a shareholder, and we are excited to have him as part of our team.

Joe works primarily in litigation and has been a trial lawyer since 1983 in Wisconsin and Florida. His specialty over the past 20+ years has been in medical malpractice defense. He also handles divorce cases, adoptions, sports/entertainment law, and real estate law.

Attorney Fasi is based out of our Milwaukee office. To contact him about legal representation, please call (262) 782-2229 or toll free (866) 455-2993, or e-mail him at [jfasi@gklawyers.net](mailto:jfasi@gklawyers.net).

## Greenhalgh & Krueger, S.C.

### Employee of the Month

**Name:**  
**Eileen Shanks**  
**Position:**  
**Office Administrator**



Eileen is being recognized for her extensive work in setting up our Milwaukee office for Attorney Joseph Fasi.

Eileen has been with Greenhalgh & Krueger, S.C. for seven years this June. She was born and raised in Baraboo and is the youngest of eight children. Her parents own Sophie's Fine Jewelry & Gifts in the Baraboo mini-mall. Outside of the office, Eileen enjoys spending time with family & friends, and camping. Her and her husband Mike have two children, Jenny, 3 years old and Christopher, 18 months old, both of which keep her very busy!

*Do you have a friend or family member that would benefit from reading our firm's newsletter? Call us today at 1-866-455-2993 and let us know who you would like to receive our publication.*



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### Advantages for the Unmarried Couple

According to the 2000 Census, there are currently about 11 million people living with an unmarried partner in the U.S. This includes both same-sex and different-sex couples. There are 9.7 million Americans living with an unmarried different-sex partner and 1.2 million Americans living with a same-sex partner. Eleven percent of unmarried partners are same-sex couples. The number of unmarried couples living together increased 72% between 1990 and 2000 and tenfold between 1960 and 2000.

Sometimes it seems that married couples get all the advantages. They can file a joint income tax return. They can give each other an unlimited amount of property without gift or estate tax. They can draw on each other's social security benefits.

However, in some ways it pays to be unmarried. The federal tax laws have rules to prevent certain types of transactions between related parties. Those rules do not apply if you are unrelated. The federal tax laws only recognize marriages, and then only between people of different genders. So, if you are an unmarred couple, or a married same-sex couple, you are not considered "related."

This allows for some very simple tax planning strategies. For example, let's say you bought stock in a technology company a few years ago. Unfortunately, you paid \$100 per share for the stock and it is now trading at \$40 per share. However, the company is stronger than ever and you know it is a great investment now. But, you are going to sell some other stock at a gain and would really like to sell your tech stock to harvest the \$60 per share loss to offset the other gain. You could sell your tech stock to your partner. This would keep the stock in the "family" and yet allow you to harvest the loss.

The lack of a federally recognized relationship also allows for more complex tax planning strategies. For example, prior to 1989, taxpayers often set up trusts and retained an income interest and had the balance go to others. The transfer can be set up so that there is very little taxable gift. However, because the calculations presume a lower interest rate than it probably will earn in reality, the eventual gift could be quite large. This allows a substantial amount to pass without gift or estate taxation. In 1989, Congress prohibited this type of transaction for *related* parties. However, it is still allowed for *unrelated* parties, like unmarried couples. For example, one partner, age 50, puts \$100,000 in a trust that pays income for 25 years. At the end of the term, the money goes to the other partner. There is a gift of approximately \$19,000 when the trust is set up. However, the partner will end up receiving about \$685,000, assuming an 8% return on the money. Thus, the partners were able to transfer 36 times more money than the gift that had to be reported.

Unmarried couples are in a unique position. Sometimes that can work to your advantage. An attorney whose practice focuses on estate planning can help you take advantage of a system that usually works against you.

*William F. Greenhalgh and Michelle T.L. Hernandez are members of the American Academy of Estate Planning Attorneys. For more information or a free consultation, call 1(866) 455-2993.*