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# KH LAW NEWS

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Bringing You Our Best

## November Presents:

\*Preparing for Divorce

\*AAEPA Fall Summit

\*KH Services-Check Us Out!

\*Do Your Part

\*KH Anniversary

\*Protect Yourself From Financial Crisis

\*From All of Us

### Preparing for Divorce

Divorce happens. Whether you are preparing to file for divorce, or find yourself in a situation where your spouse has filed for divorce, there are steps you can take to protect your financial future.

**Gather Information:** First things first, gather the paperwork. You will need names, account numbers, addresses and phone numbers for your assets and debts, title information for vehicles and real estate, tax returns for the past three years and pay stubs.

**Get Professional Help:** Divorce, even what appears to be the simplest divorce, requires professional guidance. You do have options. Hire an experienced lawyer with a reputation for solving problems.

**Property and Assets:** From the financial world, marriage is viewed like a business partnership. It does not matter that one spouse worked and the other stayed at home. Make a list of your assets.

**Debt:** If it is joint debt, creditors do not care about death, divorce, or separation agreements. Each person is liable for the full amount until the balance is paid. Pull your credit report and make a list of debts. Immediately resolve disputed items. Put a freeze on all your credit cards as soon as you separate. Close joint accounts. Open new ones in your name. Work with your tax preparer or accountant to make sure your taxes are in order.

**Remember the Tax Man:** The effect of any of your settlement of taxes can be costly if not addressed. Consult a tax professional at all times. If a large portion of your settlement consists of retirement assets, find out about penalties for early distributions. It is possible for one spouse to transfer retirement accounts without penalty under a court-order disposition.

**Maintenance and Child Support:** Maintenance is at the discretion of the judge and differs from case to case. Generally, courts consider the length the marriage, the disparity of income, amount of child support (if any), and whether one spouse paid for the education of another during the marriage - to name just a few factors. Maintenance is tax-deductible to the person who pays it and taxable income to the person who receives it. If you and your spouse have dramatically different incomes, maintenance may have tax advantages. Wisconsin has a child-support formula based on a percentage of a parent's income and placement of the children. Child-support payments are not a deductible by the payer, nor taxable to the recipient. Child-support fluctuates only when it is changed by court order.

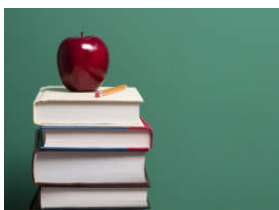
**Insurance:** If you are on your spouse's health insurance, get a check-up before the divorce is final. Stipulate or request the court that your spouse carry insurance on your children. If both of you can cover the children on health insurance through employment at little or no cost, both of you should continue to provide insurance to avoid uninsured, deductibles, co-pays, etc. Generally, the courts will make both parents share equally in the cost of medical expenses not paid by health insurance.

**Details, Details:** If your paycheck or other income is automatically deposited into a joint account, open a single account and change the automatic deposit. Change beneficiaries. Despite your divorce decrees, if you do not change beneficiaries on all accounts, your ex could land a windfall in the event of your untimely demise. Reclaim your name. If reverting to your maiden name, do not forget to register your name change on your W-4 and your other tax forms, as well as with the Social Security Administration.

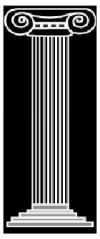
These are just a few bits of advice to assist you in your divorce. Remember, each case is different and although your friends or family members divorce may have been resolved in one manner, your case is different and needs to be resolved based on the facts of your particular situation. Please contact Attorney Mark Krueger or Attorney Angela Nichols-Philipp at (866)455-2993 with any questions.



### Michelle T.L. Hernandez and Dera Johnsen Attend American Academy of Estate Planning Attorneys Fall Summit!



Attorney Michelle T.L. Hernandez and Dera Johnsen recently attended the annual AAEPA Fall Summit, held in San Diego, CA. This conference offered educational workshops and seminars to help us help you! The Academy is the premier national educational organization that promotes excellence in estate planning by providing member attorneys with research and vital updates in estate, tax and business planning law. The AAEPA requires 36 hours of continuing education each year to ensure our attorneys stay on top of these changing laws. Legal education is a key element in a successful estate planning practice. For more information about setting up an effective estate plan to protect your family and pass on your legacy, please contact Atty. Michelle T.L. Hernandez at (800) 431-9776, or visit us on the web at [www.kh-law.net](http://www.kh-law.net) for more information.



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| Personal Contract | Probate/Trust Administration | Tax Preparation    |
|                   | Personal/Business Litigation |                    |



Want to do your part to help  
**SAVE THE TREES?!**  
Take one small step and email  
us at [moassistant@kh-law.net](mailto:moassistant@kh-law.net)  
to be added to our paperless  
newsletter list!

Together, we *can* make a difference!

**Congratulations to  
Kayleigh Robinson!**

She's been a part of the Krueger &  
Hernandez team for One Year!  
We're so glad to have you Kayleigh!



### **A Trust Can Help Protect You from a Financial Crisis**

Recently, there has been tremendous turmoil in financial markets and financial institutions. This leads many to ask whether their accounts are safe. Now, more than ever, it is important to protect yourself and your loved ones from the uncertainties in the world. You can start with your financial institution assets. There are several different systems of protection in place, depending on the type of asset and institution. Here is a brief summary of each type of protection.

- **Brokerage accounts — SIPC**

The Securities Investors Protection Corporation (“SIPC”) protects against the loss or theft of brokerage assets by the broker. The SIPC is not a governmental agency, rather it is a nonprofit membership organization of securities brokerages. The protection of SIPC extends to loss of cash or securities (stocks and bonds) in a brokerage account, but not, for example, commodity futures contracts or foreign currency. The return of securities registered in the account owner’s name is guaranteed. In addition, securities registered in “street name” are guaranteed up to \$500,000 per customer, and cash is guaranteed up to \$100,000 per customer. By holding an account in the name of a Trust and one in your individual name, you can split assets between the accounts, thereby doubling your protection. [www.sipc.org](http://www.sipc.org).

- **Bank and Savings & Loan accounts – FDIC**

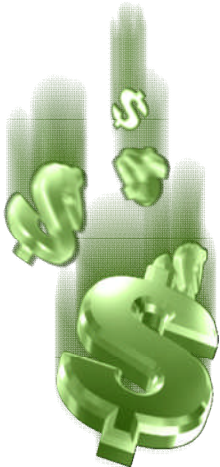
The Federal Deposit Insurance Corporation (“FDIC”) insures bank and savings & loan deposits up to a limit of \$250,000 per owner (also \$250,000 for retirement accounts like IRAs). Trusts can be especially useful under the FDIC rules because it can provide expanded insurance coverage based on your beneficiaries. For example, if you have a Trust and are leaving everything to your three children (depending on the Trust terms), you would qualify for \$250,000 coverage per beneficiary, or \$750,000, rather than the \$250,000 protection it would have had in your individual name. [www.fdic.gov](http://www.fdic.gov).

- **Credit union accounts -- NCUSIF**

*National* credit unions are chartered and regulated by the National Credit Union Association (“NCUA”). The National Credit Union Share Insurance Fund (“NCUSIF”) insures *all* members of the NCUA, and *some* state-chartered credit unions, will share with insurance parallel to the insurance provided by the FDIC. As with the FDIC, the NCUSIF is a government agency backed by the full faith and credit of the United States government. While technically not covered by the FDIC, the same rules of coverage apply. [www.ncua.gov](http://www.ncua.gov). So, as with FDIC, Trusts may have expanded insurance coverage.

As we have seen, a Trust can help expand insurance protection under FDIC and NCUSIF. In addition, a Trust can help make sure your assets are not only protected now, but continue to be protected for your loved ones in the future. A qualified estate planning attorney can explain how a Trust can help protect your assets and your loved ones from future financial risks.

*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.*



***Happy Thanksgiving from Your Friends  
at Krueger & Hernandez SC***

**Mark L. Krueger, Michelle T.L. Hernandez  
Eileen Shanks, Kayleigh Robinson, Dera Johnsen  
Kate Aeschbach, Rynae Stefan, Shelley Craker  
Stacie Ray, Kara Malston, Renee Nehring  
Angela Nichols Philipp**



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