

KREKELER LAW REPORT



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ATTORNEY ELIZA REYES HONORED AS 2019 WOMAN IN THE LAW

Eliza Reyes was honored as a 2019 Wisconsin Law Journal Woman in the Law. A special luncheon was held for 22 honorees, with Liza being the only one with extensive bankruptcy background and experience.

The accompanying interview and magazine article points out that Liza handles complex issues, with problems not subject to easy solutions. She understands that debtors often are going through very emotional times.

She is well-equipped to handle these situations, having worked as a general practice attorney before focusing on bankruptcy.

That broad-based background is of great value to clients with debt issues. Liza contributes in many other ways. She is active with the State Bar's Annual Solo and Small Firm

Conference, and she helps plan a two-day bankruptcy retreat each spring. She is also contributor and author to Wisconsin's annual Attorney's Desk Reference.

Congratulations, Eliza!



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Comments? Contact Wendy at (608) 310-3405 or email wbaker@ks-lawfirm.com so we can make things right.

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AGING, ASSETS, AND DEBTS

Americans are living longer than ever. The Wall Street Journal has reported that 60% of 65-year-old men will live to age 80 and 40% will reach age 85. For women, the percentages are even higher.

While living longer is a good thing, it presents its own set of problems for many people. For most of us, income drops after age 65, and many will not have either the income or the assets to enjoy a lengthy retirement.

According to the U.S. Census Bureau, in 2000 about 2.2 million parents lived with their children. The 2010 census reported that number had grown to about 3.9 million. We expect that next year's census will show an even greater number of older Americans having to live with their children.

We see more and more people approaching retirement age with debts beyond their ability to pay, or which will require them to spend the remainder of their working years just to get those debts paid.

Part of the analysis we employ is to evaluate how many years debt payment will take and compare that to the results which a bankruptcy might yield. We want to see everyone being able to prepare properly for their retirement.

Oftentimes, it makes sense to eliminate debts now, and have the years prior to retirement to save. The alternative is working to pay debts and having no retirement.

Lots of people must agree with us. The percentage of filers age 55 or older has more than doubled. CNBC reports that the percentage of bankruptcy filers who are over age 65 is now the highest it has ever been.



QUESTION OF THE MONTH

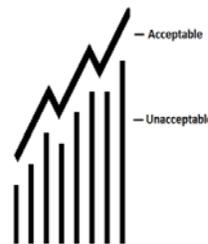


"I can't pay my bills and my debts greatly exceed the amount of my assets. What will filing bankruptcy do to my credit score?"

Answer: Without more facts, I cannot tell you for sure what will happen to your credit score. Credit scores are comprised of a number of factors.

What we do know, though, is that the credit scores of people who are insolvent and file bankruptcy are on average much higher than people who are insolvent and do not file bankruptcy. This has been true for many years, going back to at least 1999. Interestingly, the gap in credit scores has widened over time. You state that you are insolvent, so your credit score will likely be better after a bankruptcy than if you do not file.

Note: Answer based upon information from the Federal Reserve Bank of New York for Chapter 7 Bankruptcy Filers.



BANKRUPTCY TRUSTEE CAN SETTLE CLAIMS, BUT MUST ACT REASONABLY.

Sometimes debtors who file bankruptcy have claims to be asserted against others. It might be a personal injury claim, a breach of contract claim, or a claim against an insurance company. These claims become an asset of the bankruptcy estate.

The Chapter 7 Bankruptcy Trustee has a duty to investigate and try to maximize return for the estate and the creditors. Sometimes this means pursuing a claim, and at other times it means settlement.

When the trustee settles a claim, it is often against the wishes of the debtor or some of the creditors. In such instances, the Court must conduct a hearing. The purpose of the hearing is for the Court to make an informed and independent judgment as to whether the proposed settlement is fair and equitable.

The standard that the Court will likely employ is whether the proposed compromise is within the "range of reasonableness". So long as the settlement proposed is within that range, even if at the low end, the Court will likely approve the settlement.

STAYING AHEAD OF OUR CLIENTS

This is one of the goals we shoot for in any client matter. We try to prevent our clients from asking us certain questions, like “What is the status of my matter?” or “What is happening in my case?”

We encourage our clients to communicate with us, both by phone and e-mail. But we do not want clients to have to ask us how their matter is progressing.

Our practice standard of staying ahead of our clients means we advise our clients early, often, and in advance. We do not want clients to ask us how their matter is progressing. We want to have already advised them, and in writing, of the status and the upcoming next events. We want to provide clients with a date by which they should next hear from us.

Of course, the unexpected happens in cases. We do have opponents trying to prevent us from achieving our goals, but as much as possible we want to stay ahead of our clients, to provide certainty and reduce anxiety.

Do you have ideas on how we might better accomplish this? Please let us know or meet me for a free cup of coffee and a bagel.

REPAYING YOUR CO-SIGNED STUDENT LOANS

It's college graduation time! A [recent article](#) in Discover Finance detailed conversations students should have with their student loan cosigners. If you are a parent that signed off on your child's loan, there is some risk, but good communication and an open relationship will help you pay it down. Here are some tips for graduating students.

- Talk to your loan cosigner about when you will be paying. Some loans have six-month grace periods before repayment begins, so consider bulking up your savings to prepare for the payments.
- Does your cosigner wish to share repayment responsibility? Be sure the plan is clear.
- Will your cosigner have access to loan statements to track payments and activity? If not, consider giving them regular updates on progress.
- Is your cosigner interested in being done? Refinancing your student loan or having the cosigner sign a cosigner release may be options offered by your lender to take the cosigner's name off the loan.

And if life circumstances have put you in a place where student loans are causing financial trouble, or neither the student nor the co-signer can repay, seek help early. Attacking the problem early and head-on is always best.

WHAT'S BASKETBALL GOT TO DO WITH ATTORNEY MEETINGS?

Our attorneys meet each week to discuss new developments in the law, issues we may be facing in any of our cases, and to share our knowledge. I practiced as the only bankruptcy lawyer in a firm, so I fully understand the importance of having others with experience to bounce ideas off of. Our ability to share that knowledge and experience is one of our competitive advantages over our competition.

I often start the meeting with a short presentation. These are often about our firm's practice standards – the things we do and the way we do them to better serve our clients.

Last month I spoke about the Milwaukee Bucks and how they won their playoff series against the Boston Celtics. The post-game interviews focused on a single word, repeatedly. That word was “habits.”

Celtics coach Brad Stevens said, of the Bucks, “they've been building habits every day and those habits showed up and they showed up over and over again.”

Bucks coach Mike Budenholzer said pretty much the same. “Habits is a word we use a lot. Building our defensive habits and building winning habits. The players are the ones that gotta do it. They've got to commit to it. I thought their commitment...it leads to good habits...and we need it going forward.”

I talked about these interviews and about habits because that is what our firm tries to do with our practice standards. We try to make it a habit to provide clients with as much certainty as possible, including timelines and budgets. We try to make it a habit to return calls and e-mails promptly. We try to make it a habit to give clients repeated status updates, and in writing.

We know we won't always be perfect. The Bucks weren't, and they ended up losing in the Eastern Conference finals. But like the Bucks, we will continue to work on our habits because habits build winning.

If you have ideas on habits lawyers should maintain, or ideas about how to stay with your habits, please let me know and we can share ideas. Thanks.

WHERE'S KREKELER?

DCFLAG Brown Bag Luncheon. "Money Can't Buy Me Love: Divorce Debts and How to Handle Them" was the title of a presentation David had the chance to give to the Dane County Family Law Attorney Group. Approximately 30 family lawyers gathered at the offices of Stafford Rosenbaum, LLC for a lunch meeting to talk about the issues which arise when bankruptcy and divorce meet. We talked about whether a bankruptcy should be filed before or after a divorce is completed, and whether the bankruptcy filing should be made jointly or separately by the divorcing couple. There is no easy answer, with the facts of each case dictating the best solution.

David represented the Bankruptcy Insolvency and Creditors' Rights Section of the State Bar at the Bar's **Annual Meeting and Conference**. He also gave a presentation entitled "When to Try Your State Court Case in Bankruptcy Court." That talk focused on ways trial lawyers can deal with a case in state court to prevent having to re-litigate the case if the debtor files bankruptcy.

David had the opportunity to meet with Ag Bankers of **Peoples Community Bank in Spring Green**. They talked about Chapter 12 farm reorganizations and the remedies which judgment creditors can use to collect. Also discussed were trends in agriculture and debt, as well as the types of property that debtors get to keep when they file bankruptcy. Thanks to Chief Executive Officer Gary Harrop and President Brian Gorman for the invitation and the opportunity.

For information on any of these topics, or if you would just like to talk about them, contact us. We love discussing these issues and we will even buy you a cup of coffee to do so.



Have a question? Idea for a future article?

If you ask for it – we will write it!

E-mail Colleen Wenos at cwenos@ks-lawfirm.com

Will Straube Joins Our Team



Will Straube, a second year law student at UW-Madison, began working as our law clerk this month. Will is originally from southern Illinois but enjoys Madison. His significant other's family is from the area. At Krekeler Strother, Will is working on research, writing, and other assigned projects. He enjoys bankruptcy because "it has a little bit of everything" legal. In his spare time, sparingly because of law school workload, you can find Will visiting the Olbrich Park Biergarten.



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