

KREKELER LAW REPORT



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HOW QUICKLY THINGS CHANGE...AND WHAT YOU SHOULD DO ABOUT IT

Just a few months ago the business outlook was very positive. 2020 expectations were optimistic, with 74% of companies in the Greater Madison area projecting higher sales for this year. 41% planned to hire more people and 81% intended to increase wages.

These were the results of the First Business Bank Economic Survey taken at the end of 2019. Those expectations should be different now.

The owners and senior executives surveyed of course had no way of knowing that a pandemic would strike, but hopefully, they have set their personal affairs so that they are insulated from economic disaster, whether planned or unexpected.

Wisconsin, and every other state, allows individuals to protect and preserve certain kinds and types of assets up to certain values. By making sure that a significant portion, or even all, of your assets fall into these exempt categories you can sleep soundly at night knowing that no matter what happens in the economy, your assets are protected. Even if you cannot afford to pay debts and creditors, you will keep your assets.

We believe everyone should engage in asset protection planning. You should have your personal financial statement reviewed every few years to know where you would stand if a pandemic, tornado, health emergency, or any other personal or economic disaster would strike.

We perform such asset protection analyses and have provided many of them to business owners whose businesses were profitable and doing just fine. Those owners had the foresight, however, to know that eventually something will go wrong. With proper advance planning, Wisconsin residents can easily protect well over a million dollars and keep those assets from their creditors regardless of what happens.

We want everyone to have the peace of mind that comes with knowing that no matter what happens, in a worst-case scenario, our families are still provided for. An asset protection analysis can provide that peace of mind.

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AVOIDING TAX TROUBLES



Krekeler Strother is always ready to help those who find themselves in trouble with taxing authorities, but we also want to help you avoid tax issues. Below are common reasons taxpayers end up in tax troubles and ways to prevent them.

Not Filing Tax Returns

Everyone dreads having to go to their tax professional every year. It is almost like going to the dentist. It gets pushed until things get too painful to ignore. When you do not file your taxes, the IRS has an Automated Substitute for Return (ASFR) program. It is a batch processing application that performs complex computation and tax calculation that generates a return then sends the taxpayer a notice of their tax liability and advising to file a return. These automated returns generate a higher tax liability and does not consider all credits and deductions entitled to the taxpayer.

Minimum Filing requirements

The source of your income determines your filing requirement. Generally, for those under 65, the minimum income is \$12,200 and \$13,850 for those older than 65. But this can change if you receive self-employment income, lowering that threshold to \$400. And even if your income falls below these amounts, you may still want to file a tax return to claim refundable credits due to you. If you are in doubt whether you should file a tax return or not, the IRS provides an online tool to help determine your filing requirement: <https://www.irs.gov/help/ita/do-i-need-to-file-a-tax-return>.

Take Advantage of Technology

COVID-19 has brought to the forefront the ability of many services that can be performed remotely. If you are someone who does not want to have to sit at the tax preparer's office, many firms, including Krekeler Strother, offer drop-off and pick-up services whether it be in person, by e-mail (via a secured link), or by mail. This service will give you the personalized tax preparation you need while keeping with the caution of social distancing.

Lack of Tax Planning

Many people tend to think that tax planning applies only in the areas of estate planning or a big business transaction, but tax planning is an important consideration anytime you foresee financial changes. Financial moves such as withdrawing from a retirement plan, moving investments around, or transferring title of a real or personal property are overlooked instances where tax planning could avoid a surprise tax bill.

A change in employment status also calls for tax planning. According to an ADP Research Institute report in February 2020, the number of freelancers (or gig economy) grew by 6 million people¹. The Tax Cut and Jobs Act implemented a 20 percent deduction of qualified business income from federal taxable income. In combination of the work-life balance self-employment provides, business services for entrepreneurs such as WeWork and other virtual office options, and larger companies subcontracting work to freelancers, the labor force continues to shift to the gig economy direction. With this change of employment structure comes responsibility of recordkeeping and knowing the right business structure that will maximize tax benefits and protect your assets.

¹<https://www.naco.org/featured-resources/future-work-rise-gig-economy#go> and <https://fortunly.com/statistics/gig-economy-statistics#ref>

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Positive Experience? Search for **Krekeler Strother, S.C.** and leave us a review!

Comments? Contact Charlotte at (608) 310-3404 or email cpettit@ks-lawfirm.com

QUESTION OF THE MONTH: CREDIT CARDS

The credit card company has taken a judgment against me and is garnishing my wages. Can this be included in my bankruptcy?

Answer: Yes. All of your debts will be included in the bankruptcy, although we can show you how to still pay any creditors who you wish to pay. There may also be debts that are not dischargeable which you wish to reaffirm. The bankruptcy filing will stop the garnishment of your wages immediately. This is due to the automatic stay imposed by the filing of a bankruptcy case.

You may also be able to recover monies that have been garnished and get them returned to you. Monies garnished within the 90 days prior to the bankruptcy filing will likely constitute what is known as a preference. We can force the creditor to return those monies to you, under certain conditions.

Sometimes through these preference actions we are able to recover more for our clients than the entire cost of their bankruptcy. But the preference lookback period is only 90 days, so it is important to act quickly if you are being garnished.

RESTAURANT CLIENTS: PREPARE!

Over the weekend I saw a CNN interview of a family that owns a restaurant in Baton Rouge, LA. Like most restaurants nowadays, these people were suffering.

When asked how they were doing, they implied that they were using their savings and upping their credit card debts. They stated they did not know what to do.

They should be doing what my restaurant clients are doing. Planning.

Instead of just trying to go it alone, my clients and I are talking about cash flow projections, burn rates, and asset protection. We are looking at discounts and delays on cash outflow and exploring new methods to generate that cash.

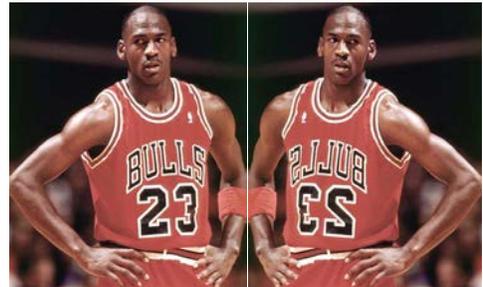
I do not know if this restaurant owning family should be tapping into savings and maxing out its credit card

debt. I do not have enough facts. But I do know that whatever the decision is it should be made with a plan in line to achieve the goals of the family.

CNN anchor Don Lemon expressed his compassion and concern for the Baton Rouge restaurant owners. He should have told them to consult with an insolvency professional.



MICHAEL JORDAN



Millions of people recently watched the sports documentary, The Last Dance, which told the story of Michael Jordan's last year with the basketball champion Chicago Bulls. What millions of people probably did not see was the lawsuit filed by Allen Heckard of Portland, Oregon.

Heckard sued Jordan for \$416 million dollars, alleging that the two so resembled each other that Heckard was often mistaken for the basketball superstar. Perhaps Heckard's shaved head, single earring, and Air Jordan basketball shoes, had something to do with that, even though Heckard is six inches shorter than Jordan.

Heckard explained why he brought the suit "I've been letting this go, but why should he be rich and get endorsements and I have to work every day?"



Have a question? Idea for a future article?

If you ask for it – we will write it!

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WHERE'S KREKELER?

YES! WE ARE HIRING DURING COVID-19!!

We are seeking another legal secretary. Position is fast paced. Candidate needs to have excellent multi-tasking, organizational, communication and client service skills. Must be able to prioritize multiple projects under short time constraints. Exceptional typing skills including knowledge of MS Word, Excel, and Power Point. Candidate must have excellent proofreading skills. Additional knowledge of Lexis Nexis products is a bonus. We use tape dictation. Prior legal experience is preferred. We offer a casual and friendly business environment and great benefits.

If you have past experience in transcription, please send your resume, cover letter and desired salary to kkelm@ks-lawfirm.com

SEMINAR ATTENDANCE



Attorney Heather Jones has spent nearly 30 hours in the last 6 weeks training in Fair Credit Reporting Act law taught by some of the best consumer protection attorneys in the country. This training is enriching her current practice skills and

also introducing her to a whole new practice area to offer for Krekeler Strother clients.

The FCRA is federal law that is designed to make sure your credit report is accurate. It helps to ensure privacy, and regulates credit reporting agencies in their collection, use and sharing of your credit information.

We use the FCRA for our clients, to obtain credit reports, to correct errors, and to recover damages for violations. The first step is always to get your credit report. For your free credit report, go to <https://www.annualcreditreport.com/index.action> or <https://www.freecreditreport.com/>.

BUILD YOUR PRACTICE WEBINAR

Attorney **David Krekeler** joined members of the State Bar of Wisconsin in teaching these lawyers by presenting "Build Your Practice."



Because of financial issues facing businesses and families during the pandemic, many lawyers are taking the time to learn more about bankruptcy. This seminar focused on the basics of Chapter 7 and Chapter 13, which makes up about 99% of

all bankruptcy cases filed.

David used this opportunity to get into character while presenting the section on a sample debt-relief consultation. Needless to say, this portion was enjoyable for all watching.

Like many of the continuous learning seminars the State Bar hosts, this event had to transition from an in-person event to a webinar. This allowed many more attorneys across the state to attend.

Speaking Engagements

If you would like more information on any of these topics, David would love to discuss them over coffee and a bagel- his treat (or Zoom). Contact him at jdkrek@ks-lawfirm.com.

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