



# Sweet & Maier , S.C.

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Dear Clients and Friends:

As we “ring out” the old year, and welcome in 2017, we want to wish each of you a very happy, healthy and prosperous New Year.

Thank you for your business in 2016. It has been a pleasure helping you reach your goals. We are grateful for good clients like you, who make our work satisfying and enjoyable. We look forward to working with you in 2017, and contributing to your success.

John L. Maier, Christina Green, Rob Van Scoyoc and the staff at Sweet & Maier, S.C.

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# Legal Bytes

## A New Kind of Doctor's Office...

... has opened right here in Walworth County. The “brainchild” of our client, Bob Fettig, The Doctor's Office swung open its doors at 124 North Washington Street, in Darien, Wisconsin, October 25, 2016, and the doctors see patients currently on Tuesdays and Wednesdays.

“Back to the Future” was the name of a popular series of movies a few years ago, but also is an apt description of what Bob Fettig's dream is. That is because “The Doctors's Office” will operate like an “old fashioned” country doctor's office, instead of what many of us have had to put up with today. “Back then” you went to see your doctor, and he actually talked with you. For us “little ones” you even ended up with a lollypop (or if you were even luckier, a tootsie pop), and for the parents, they were not beset with the need to fill out all sorts of forms, and answer a legion of questions about what insurance company covered you, and your dependents. You simply arrived, were seen and treated, and paid your bill. That's what Bob Fettig's vision is for his new Darien endeavor.

The location for the new medical practice has its own interesting history. The property was originally developed in the early 1900s as United Milk Products Company, a milk receiving plant. The property changed ownership yet maintained similar operations under Libby Co. and Dean Foods until sometime in the late 1940s to early 1950s, when the facility changed to an “implement dealer” selling farm equipment and tractors. Soon after, still in the early 1950s, a tire sales and service business moved into the facility and in 1963 the property was purchased by Chaney Tire, a tires



sales and re-capping (re-treading) service provider. The re-capping operations included use of grinding machines, glue products and 300 degree Fahrenheit steam.

In 1966 a “mass clean-up” of discarded tires and rubber debris was conducted from within the facility and around the property grounds. The facility ceased operations between 12-15 years ago, and was vacant for approximately seven years before being acquired for its “conversion” to a totally different use.

During the renovation process, evidence of a prior fire were apparent. There was obvious charring, and burnt debris was found within the old grinding room located along the interior west wall of the onsite building. Those familiar with prior operations, reported that tire dust and rubber tires had caught fire some years ago; however, the fire was contained to the grinding room, as concrete walls prevented further possible damage.

Today, the past history and use of the property is hardly discernible, because it has been replaced with a bright and shiny new medical facility.

Staffed with a variety of “family docs” the new office will see people like a walk-in clinic. Doctors will be able to address their patients' medical concerns in a setting where they are not under the constraints of insurance companies, and where medical advice and services can be offered at relatively inexpensive prices. The facility will be open to anyone -- and since there is no insurance involved, there will be no such thing as “in-Plan” or “outside-of-Plan” pricing. All prices will be known “up front”.

The cost of an office visit is projected to be in the \$35 to \$95 range. So, if you have a sore throat, you come in, see the doc, get your prescription, pay your bill, and you are on your way (to the drugstore). Simple as that.

What a concept!

## Can You Deduct The Rental Value Of A Vacation Home Or Office Space You Donate To A Legitimate Charity?

Q. My church is raising money for a new furnace. My wife and I have a condo in Lake Geneva that we use in the summer, and rent out when we aren't using it ourselves. We are considering donating a week's use of the condo to be auctioned by the church to the highest bidder. Can we deduct the value?

A. Sounds like you should be able to, but, alas, you can't claim a charitable deduction for a donation of the rental value of your property. The IRS says that despite your generosity, the donation is nondeductible. Plus, since you rent out the vacation home when you're not using it, this one-week donation period will count as personal use. This might reduce your rental property deductions.

This rule also applies to free use of office space -- no deduction is allowed for the fair market rental value.

In the case of your condo, if you decide to go ahead with the donation, and the one week stay is auctioned off to the highest bidder, the winner's deduction is limited to the excess above the fair market value.

In the end, the reason to make the donation is to raise money for a good cause -- but if the question of deductibility comes up, now you know.

## Know The Ins And Outs On Family Mortgage Loans

Q. We want to help our daughter buy her first home. We plan to loan her the money, and she's going to pay us back with interest. We'd just give her the money if we could, but can't afford to do that. What do we need to know? How do we do it? Can she deduct the interest?

A. We've helped parents with exactly this situation several times. Your arrangement with your daughter is essentially like a mortgage loan where you're the lender. You are her "bank". However, for you daughter to be able to deduct the interest paid to you, you must have written loan documents and the loan must be legally secured by your daughter's home. This means you need to have a Mortgage Note, which calls for her to repay the loan, with interest. In addition, the Note needs to be secured by a recorded Mortgage. The other "usual rules" apply, so your daughter's mortgage interest deductions are limited to acquisition debt up to \$1 million, and you must charge at least the minimum rate of interest specified by the IRS. Your daughter can deduct the interest she pays, but be aware that you must report the interest income you receive as the lender as taxable income.



Honey, our lawyer wishes us, but in no way guarantees, a Happy New Year.

### How to Tell That You have Entered a New Year:

- You hear most of your jokes via e-mail instead of in person.
- Your grandmother clogs up your e-mail inbox asking you to send her a JPEG file of your newborn so she can create a screen saver.
- You enter your password on the microwave.
- You haven't played solitaire with a real deck of cards in years.
- You have a list of 15 phone numbers to reach your family of four.
- You chat several times a day with a stranger from Canada, but you haven't spoken with your next door neighbor all last year.
- You check the ingredients on a can of chicken noodle soup to see if it contains Echinacea.
- You pull up in your own driveway and use your cell phone to see if anyone is home.
- You buy a computer and a week later it is out of date and now sells for half the price you paid.
- The concept of using real money instead of credit or debit to make a purchase is foreign to you.
- Your idea of being organized is multi-colored Post-it notes.
- You're reading this.

### New Year Quotes

An optimist stays up until midnight to see the New Year in.  
A pessimist stays up to make sure the old year leaves.

Youth is when you're allowed to stay up late on New Year's Eve.  
Old age is when you're forced to.

## Can You Deduct An IRA Contribution On Your Tax Return Before You Actually Make The Deposit?

Q. I know this may sound a bit “sketchy” but can my daughter use her tax refund (which she doesn’t have yet) to fund an IRA contribution? She would have to claim that she made the contribution on her tax return, file the return, wait for the refund check, and then make the IRA contribution with it.

A. Yes. It may sound too clever to be “legal” but this strategy has been around since the IRS approved it in Rev. Rul. 84-18. Essentially, it’s a clever timing technique. First, your daughter files her 2016 return as early as she can. When she files the return, she claims a deduction for an IRA contribution. Then she waits to receive her refund. As long as the money is deposited in the IRA before April 18, 2017, it counts toward her 2016 return – even though the contribution is actually made after the return was filed. The maximum contribution for 2016 is \$5,500 (\$6,500 for those age 50 and older as of December 31, 2016).

And just in case you wondered, filing for an extension won’t extend the deadline for making the IRA contribution. So, for this to work, you have to get the return filed quickly, so you have the refund before April 18<sup>th</sup>.



## Essential Estate Planning Documents for 2017

Name	Purpose
Will	A Will, sometimes called a “Last Will and Testament,” is a document that states your final wishes. It is enforced by the probate court after your death. The court makes sure that your final wishes are carried out.
Durable Power of Attorney (POA-Health)	A document that designates an agent to make health care decisions if the person signing the Power of Attorney is no longer able to make them. The document directs the agent to function as “attorney-in-fact” and make decisions regarding all treatment, including the final decision about cessation of treatment.
Durable Power of Attorney (POA- Finance)	A Durable Power of Attorney for Finances -- or financial power of attorney -- is a simple, inexpensive, and reliable way to arrange for someone to manage your finances if you become incapacitated and are unable to make informed decisions for yourself.
Funeral and Burial Instructions	Your family will be forever grateful if you make these plans yourself, and let your family know what they are.
List of Assets	Make a list of what you own, and include contact information for account representatives who can help your family.
Insurance Policies	Policies will need to be available. Make sure beneficiaries are up to date.
IRA Account Information	Account information will be needed to see that proceeds pass to beneficiaries. Make sure beneficiaries are up to date.
401(k) or 403(b) Account Information	Account information will be needed to see that proceeds pass to beneficiaries. Make sure beneficiaries are up to date.