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Legal Bytes

Adoption of Taxpayer Relief Act—Promises More Permanency to Tax Code

By Marcus Weden

If, like us, you were following the news cycle around New Years, you know that our elected officials in Washington D.C. took us over the "fiscal cliff" (if only for a little while). Fortunately for the country, Congress and the President were able to reach an agreement shortly after the start of the year, and, on January 2, 2013, the American Taxpayer Relief Act of 2012 (the "Act") was signed into law.

The Act made "permanent" the Bush-era tax rates for individuals earning less than \$400,000 and \$450,000 for married couples. I put the word "permanent" in quotes because our elected representatives are already talking about including higher taxes as part of any coming budget deal. For now, however, the terms of the Act increased the highest individual tax rate from 35% to 39.6% for those earning over these thresholds. In addition, individuals earning incomes over \$200,000 (\$250,000 for married couples) will be subject to a 3.8% surtax on capital gains as part of the series of tax increases which went into effect to pay for "Obamacare". For us "regular" individuals, you will already have noticed a cut in your take home pay due to a 2% tax increase in withholdings, as the "payroll tax holiday" came to an end, and was not extended under the Act.

In the estate and gift tax arena, the Act was surprisingly taxpayer-friendly. The Act made "permanent" the 2012 estate and gift tax exemption of \$5.12 million per individual (\$10.22 million for couples), but increased the highest tax rate from 35% to 40%. That means an individual can die with an estate of \$5.12 million, or make lifetime gifts of \$5.12 million, all without paying federal estate and gift tax. The Act also made permanent a feature that allows a surviving spouse to carryover (or "port") the unused lifetime exclusion of a deceased spouse. Finally, for 2013 the annual gift tax exclusion, or the amount you can give tax free to an individual each year, is increasing from \$13,000 to \$14,000 (\$28,000 for gift splitting).

In terms of your estate planning, if Congress will indeed let the exemption stay at \$5.12 million per



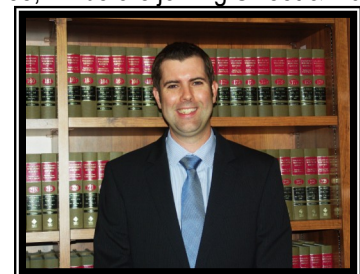
individual, most people will no longer have to worry about extreme tax planning to avoid having the IRS take such a big slice of your estate before it goes to your heirs and benefici-

aries. That is because most people do not have estates valued in excess of \$5 million. Therefore, more attention can be given to making sure that your actual objectives in terms of distributing your estate can be focused on -- rather than to a mind-numbing discussion with your attorney regarding how some kind of trust can be used to avoid paying tax.

However, politicians regard us taxpayers as revenue streams to raise more money to pay for ever growing government programs. We will have to keep our eye on the legislative hopper for future proposals to once again change those estate tax exemptions. We will let you know if what has now been promised to be "permanent" actually turns out to have been a promise signed in disappearing ink!

While the Act resolved the fiscal cliff, there are other "cliffs" on the horizon related to the sequester (a series of automatic spending cuts) and increasing the debt ceiling. We will continue to monitor the negotiations and will update you as the situation unfolds. Additional information on the Act can be found on my Firm's website: www.wisclaw.com.

Marcus is a Marquette University Law School graduate who worked at Deloitte Tax, LLP in Milwaukee, WI before joining Sweet & Maier, S.C.



Congratulations! Sweet & Maier, S.C. Ranked by U.S. News Media Among the 2013 "Best Law Firms"



U.S. News & World Report and Best Lawyers have announced the release of the 2013 "Best Law Firm" rankings, for all law firms in the country. Sweet & Maier, S.C. law firm was ranked as one of America's Best Law Firms for Land Use and Zoning. "Best Law Firm" rankings are based on a rigorous evaluation process that includes the collection of client and lawyer evaluations, and peer review from leading attorneys in their field. To be eligible for a ranking, a law firm must have at least one lawyer who is included in Best Lawyers as part of the annual peer review assessment. John L. Maier, Jr. holds the honor of not only being included in Best Lawyers, but also being named Best Lawyers' 2013 Madison, WI area Land Use and Zoning "Lawyer of the Year". Only a single lawyer in each practice area in each community is honored as the lawyer of the year.

Clients and peers were asked to provide feedback on the Sweet & Maier, S.C. law firm practice using a scale of 1 (weakest) to 5 (strongest), addressing expertise, responsiveness, integrity, understanding of the business and its needs, cost-effectiveness, civility, and whether they would refer another client or matter to the firm. All of the quantitative and qualitative data were combined into an overall "Best Law Firms" score for each of the 11,098 eligible U.S. law firms.

John commented on the recognition: "This is quite an honor for all of us who practice law outside the "big cities" and shows that some of the most innovative legal work in zoning and land use is being carried out in the rural areas of the state. My Walworth County colleagues and I are constantly involved in devising ways to solve our clients' problems in a way that protects both their property rights, as well as the needs of the public. The fact that U.S. News included me in its selection of "Best Lawyers," signals that my constant effort to deliver on my commitment to my clients has paid off. It is gratifying to be recognized by my peers in this way."



"Have you seen the latest issue of the 'Journal'? It's all 'John Maier this, John Maier that' and nothing about us."

Disorder in the Court

The following are from a book called Disorder in the American Courts, and are things people actually said in court, word for word, published by court reporters.

Question: What is your date of birth?

Answer: July 15.

Question: What year?

Answer: Every year.

Question: What gear were you in at the moment of the impact?

Answer: Gucci sweats and Reeboks.

Question: Is your appearance here this morning pursuant to a deposition notice which I sent to your attorney?

Answer: No, this is how I dress when I go to work.



Question: Doctor, before you performed the autopsy, did you check for a pulse?

Answer: No

Question: Did you check for bold pressure?

Answer: No

Question: Did you check for breathing?

Answer: No

Question: So, then it is possible that the patient was alive when you began the autopsy?

Answer: No

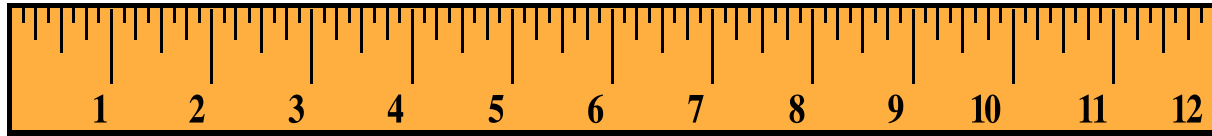
Question: How can you be so sure, Doctor?

Answer: Because his brain was sitting on my desk in a jar.

Question: But could the patient have still been alive, nevertheless?

Answer: Yes, it is possible that he could have been alive and practicing law somewhere.

DOES YOUR ESTATE PLAN “MEASURE UP”?



Sweet & Maier, S.C. in partnership with Matheson Memorial Library invites you to An Estate Planning Seminar designed to provide you with valuable information you can use to help yourself and your loved ones.

Topics include:

- Effect of the American Taxpayer Relief Act on current Estate plans
- Use of Durable Powers of Attorney for Finances, Property and Health Care
 - Living Wills
- Use of Revocable Trusts and Transfer on Death Deeds to avoid probate
 - Your questions.

EVENING SESSION

6:30 —8:00 PM

Matheson Memorial Community Center
101 N. Wisconsin St.
Elkhorn, WI

There is no charge, but we'd like you to register so we have enough materials for everyone.

To register, please call Matheson Memorial Library @ 262-723-2678

or

register online www.elkhorn.lib.wi.us

or

call Sweet & Maier at 262-723-5480

Presenters

John L. Maier, Jr. and Marcus L. Weden
Sweet & Maier , SC

Remembering a Good Friend

Can you look at those eyes, and at that smile, and not know immediately this is a great guy! No, not me (I'm on the left). I'm talking about my friend on the right -- Jerry Tasch. When we deal with our clients, as lawyers, we think of ourselves as counselors and advisors. Our clients are supposed to learn from us. But I know that I learned more about how to be a good husband, dad, citizen, businessman, and true friend from Jerry and his wife, Evelyn Tasch, than I ever was able to impart to them. Jerry died last December 27, and Evelyn had passed away many years prior -- so now they are back together after having been married for nearly 50 years.

Jerry could have served as the "poster boy" for the "American Dream" in that through hard work [and I really mean the part about hard work], determination, and commitment to honesty and business ethics, he achieved success not only in his work life, but also in his personal life.

He started out as a "copy boy" at the Chicago Tribune, worked himself through the ranks and eventually was "top man" in a Chicago advertising agency. He loved telling me stories [and I loved listening to them] about his involvement with WGN TV and Radio, the Chicago Bears, and working with THE Michael Jordan on those famous commercials. Working with the Midwest Chevy Dealers Association, and their advertising needs for many years, led him into his next career -- as a local auto dealer. That's when I first met him -- when he and his wife acquired the Opitz Chevy Dealership here in Elkhorn, back in 1978. I was out of law school only 4 ½ years, and at that time had 2 small children.

Silly me, I had heard that there was a lot of "law work" generated by auto dealerships with their often unhappy and disgruntled customers! I soon learned, though, that Jerry's reputation for honesty, and determination to make all of his customers happy, were real. During the next 30 years I can honestly say that I never had to represent Jerry in any litigation involving someone complaining about a car or other vehicle. That wasn't because he never had problems. Rather, he taught me that when there are problems, you solve them -- and you take care of your fellow man. Even if it costs something to do so, he "made things right" for people. And he did so in a professional and gentlemanly manner. I learned that even when you are working in what some would say is a "cutthroat business" like, say, advertising [like Jerry] or being a lawyer [like me], you can be firm without using profanity, calling names or using "dirty tactics".

Evelyn and Jerry were good parents, took care of their children, and watched over them. As such, they were an example to me as my own family grew. Evelyn and Jerry also took care of, and contributed to their church and community. They acted as mentors to me as well. Their list of contributions of time, money and even land and buildings [they donated a whole



home that they paid to move to Inspiration Ministries outside Williams Bay] could take up this whole newsletter, and they still managed to serve the community by serving in the Kiwanis Club, and Chamber of Commerce, among other posts.

I've lost my friend, Jerry, but I am happy he's back with his wife whom he missed dearly. The best thing is that they left behind a great set of kids and grandkids, and a real shining example of what it means to be good people.

Old is Gold

An elderly gentleman... Had serious hearing problems for a number of years. He went to the doctor and the doctor was able to have him fitted for a set of hearing aids that allowed the gentleman to hear 100%. The elderly gentleman went back in a month to the doctor and the doctor said, "Your hearing is perfect...Your family must be really pleased that you can hear again.?"

The gentleman replied, "Oh, I haven't told my family yet... I just sit around and listen to the conversations. I've changed my will three times!"

Three old guys are out walking. First one says, "Windy, isn't it?" Second one says, "No, it's Thursday!" Third one says, "So am I. Let's go get a beer..."





Ask Your Attorney about receiving Social Security benefits based on your ex-husband's record.

Dear Counselor: My husband divorced me fifteen years ago. I am now 65, and in the process of applying for social security benefits. Because I took care of the children, and did not work much outside the home, I have a minimal payment record to social security on my own account. I have heard that I might be able to claim benefits on the payment record of my "ex" and wondered if that was true.

Dear Client: The Social Security Act was enacted in 1935, and provides benefits to insured workers, their children, spouses—and, yes, in certain circumstances, to their former spouses. As a divorced spouse, you can receive benefits on your former spouse's social security record if four basic rules are met: (1) you were married to him for at least 10 years; (2) you are at least age 62 and otherwise entitled to receive social security benefits; (3) you are unmarried; and (4) you are not entitled to higher social security benefits on your own record. Generally, if you remarry, benefits cannot be continued, but there are special rules that can come into play. You can receive an estimate of benefits that you may be entitled to as a divorced spouse, or a surviving divorced spouse, by contacting your local social security office.

Ask your attorney about serving on a nonprofit board.

Dear Counselor: A friend just asked me if I would serve on the board of directors for a nonprofit corporation. I wondered what issues I should consider before accepting.

Dear Client: There are many kinds of organizations (everything from the local hospital board, to the PTA, your condo association, and the Girl Scouts) that depend upon volunteers. Service to your community is very rewarding,

but before you say "yes" make sure you are totally familiar, and agree, with the purpose and goals of the organization, and the time commitment you will need to devote. From a legal standpoint, a board member has a fiduciary responsibility to the organization. You will have a duty of care and loyalty. You must avoid conflicts of interest and self-dealing, and you must respect the confidentiality of certain information that will be shared with you. Violations of these duties, which are owed not only to the association and its members, but also to nonmembers who are injured by the failure of directors to properly carry out their duties, can lead to personal liability. So, accepting the "call to serve" carries with it a big responsibility. Make sure you are satisfied that you have the time, qualifications and inclination to serve, and check out the "history" of the way the organization has operated in the recent past. Once you are comfortable in making the commitment, go ahead -- people like you are needed to enable these organizations to continue their good work.

Ask your attorney whether you must verify employment eligibility.

Dear Counselor: My husband and I operate a business which has done well, and we are now ready to hire our first two employees. We wondered whether we have to verify the citizenship or legal right to work of these new employees. How do we do that?

Dear Client: Yes, you must ask your new employees to present certain original documents to establish their eligibility for employment. The Immigration and Nationality Act requires employers to review these documents, such as a passport, driver's license or State ID card, voter's registration card, social security card, US Military card, or an original or certified copy of birth certificate. Just like most things involving the government, there is a form to be used. It is the "Form I-9, Employment Eligibility Verification" form, which can be obtained pretty easily by downloading it from the internet. You not only must fill out the form, but also must retain it just in case the government wants to inspect it. There is no filing fee for completing it, but if you ignore these requirements, you can be fined or otherwise penalized. When in doubt, call us, and we'll guide you through the process.

Dear Clients and Friends:

Thank you for your business in 2012. 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. May 2013 usher in a new dawn of success, happiness, and fulfillment for each of you. We look forward to working with you, and contributing to your success.

Sincerely,

John L. Maier, Jr., and your friends at Sweet & Maier, S.C.



Sweet & Maier, S.C. Attorneys at Law
PO Box 318
Elkhorn, WI 53121

Cut on the line and return with your name and address.

To:	John L. Maier, Jr.	Your Name:	_____
	Sweet & Maier S.C.	Address:	_____
	PO Box 318		_____
	Elkhorn, WI 53121		

Please send me information on the following topics:

- | | |
|--|--|
| <input type="checkbox"/> Hiring and Working with an Attorney | <input type="checkbox"/> Wills and Estate Planning |
| <input type="checkbox"/> Buying and Selling Real Estate | <input type="checkbox"/> Living Trusts |
| <input type="checkbox"/> Family Limited Partnerships | <input type="checkbox"/> Starting a Business |
| <input type="checkbox"/> Durable Powers of Attorney | <input type="checkbox"/> Probate |
| <input type="checkbox"/> Other topic(s) of interest _____ | |