HGSUW News & Views

Hasselberg Grebe Snodgrass Urban & Wentworth Attorneys and Counselors

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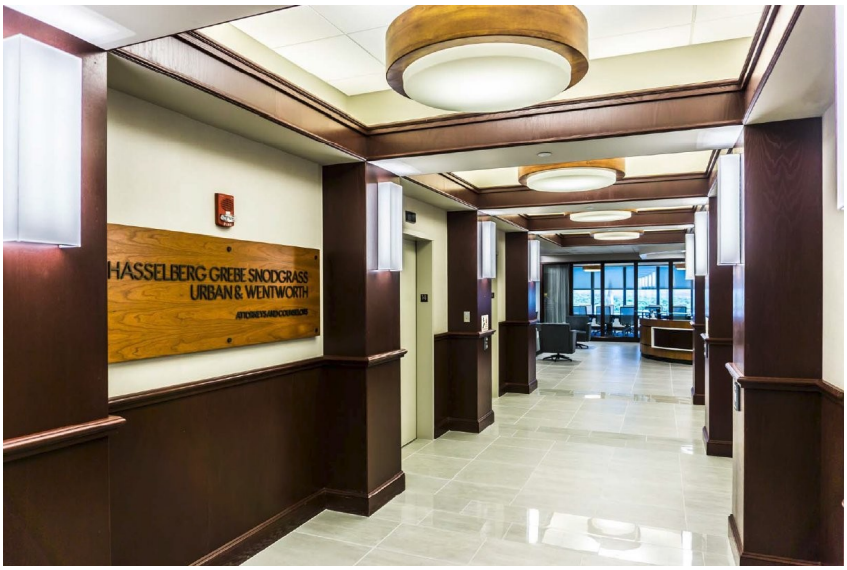
THANK YOU FOR ALLOWING US TO SERVE YOU FOR TWENTY YEARS

On January 1, 2017, our firm turned twenty years old. While we celebrate this milestone, we also want to express our sincere gratitude to our clients who have given us the opportunity grow and serve our community since our firm's inception.

Hasselberg Williams Grebe & Snodgrass was founded in 1997 by Mike Hasselberg, Ray Williams, Jim Grebe, Ken Snodgrass, and Chuck Urban. Three of our founding partners, Mike Hasselberg, Jim Grebe, and Ken Snodgrass, have been practicing law together since 1981, more that thirty-six years. Sandra Birdsall joined our firm in 2002, and our firm's name became Hasselberg Williams Grebe Snodgrass & Birdsall. Following the retirements of Mrs. Birdsall and Mr. Williams, Chuck Urban and David Wentworth became named partners and our firm became known by its current name of Hasselberg Grebe Snodgrass Urban & Wentworth.

Although our firm's name, and recently its location also, has changed, our dedication to our clients' interests and our appreciation for the opportunity to serve them has remained the same. We again thank you for allowing us to work for you for the last twenty years, and look forward to continuing our relationships for many years going forward.



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Inside this issue

EXTENDING TAXPAYER PROTECTIONS

In December 2015, Congress passed the Protecting Americans from Tax Hikes Act of 2015, or the PATH Act. The PATH Act permanently extended several modified provisions of the Tax Code that benefit taxpayers but were set to expire. Other provisions were temporarily extended under the PATH Act.

Within the context of estate planning, the PATH Act permanently extended a tool that may be used by some to reduce potential income tax consequences for their loved ones. Normally, distributions from individual retirement accounts (IRAs) are included in an individual's gross income and taxable.

However, under the PATH Act, a provision of the Tax Code was permanently extended that allows for tax free distributions from an IRA to charitable organizations. Consequently, a person who intends to provide at least some of his or her estate to a charitable organization, such as a church, can do so by designating the organization as a beneficiary of an IRA while leaving other, tax free, assets to family and friends.

The PATH Act also permanently extended a modified version of the Additional Child Tax Credit that increases the threshold for calculating the refundable portion of the Child Tax Credit. Additionally, the PATH Act permanently extended the American Opportunity Credit (AOC), which was set to expire at the end of 2017. The AOC provides a tax credit for up to $2,500.00 in qualifying tuition and related expenses per eligible student for the first four years of post-secondary education in a qualifying program.

Moreover, several beneficial deductions were permanently extended by the PATH Act including the deduction for teacher's expenses and for state and local taxes.

Our firm is proficient in both estate planning and tax matters including tax return preparation. For advice on tax and estate planning matter, contact James R. Grebe, David B. Wiest, John Dundas, or Kyle M. Tompkins at (309) 647-1400.

A PRIMER ON EXECUTIVE ORDERS

Our federal government is divided into three branches, each with their specific constitutional charge: the legislative branch makes the law, the executive branch enforces the law, and the judicial branch interprets the law. This is known as the separation of powers. Inherent to the separation of powers contemplated by the U.S. Constitution is a system of checks and balances that the branches of government employ to keep each other in line. However, sometimes it appears that one branch is exercising powers within the province of another branch. Executive orders are one such example.

An executive order is an order issued by the President of the United States that is intended to facilitate the management of the federal government. Executive orders at times appear to make law, but they are rather specific measures issued by the President to provide guidance to federal agencies and officers to enforce already existing law. In particular, the executive branch is directed by Article II, Section 3, Clause 5 to "take Care that the Laws be faithfully executed." However, executive orders are not absolute and are subject to judicial review as with any legislative statute or governmental agency regulation. When challenged, executive orders are either upheld or struck down by the court system based on whether they are supported by the United States Constitution or by statute.

OFFICER'S BEST FRIEND

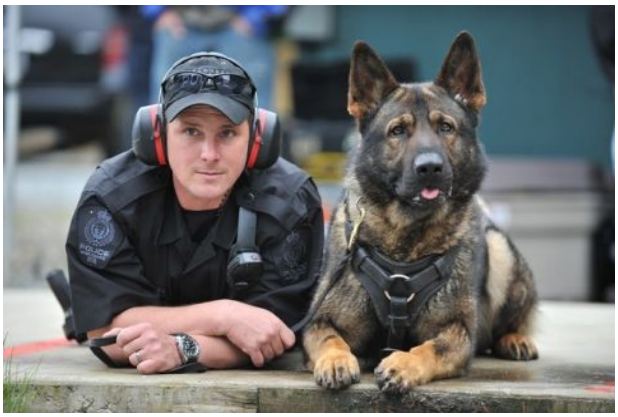
Thanks to the Police Dog Retirement Act, canines considered no longer fit for public service will be afforded every opportunity to find a loving home upon their retirement. Pursuant to the Act, which took effect January 1, 2017, dogs no longer fit for public service shall be initially offered by the law enforcement agency or municipality to the officer or employee who had custody or control of the animal during its service. If the officer or employee does not wish to keep the dog, it may be offered to another officer, an employee within the agency, a non-profit organization, or a no-kill animal shelter that will facilitate an appropriate adoption of the dog. The Act helps to ensure that retired search and rescue dogs, service dogs, accelerant detection canines, and other dogs used by county, municipal, or State law enforcement agencies are given an opportunity to remain with their "partner." According to Senator Tom Cullerton, the sponsor of the bill, "The special connection formed between an officer and their dog should be honored. We should want to give retiring police dogs a loving home."

If you have any questions regarding municipal law, please contact William P. Streeter or Kevin D. Day at (309) 637-1400.

STANDARD MILEAGE DEDUCTION RATES DECREASE

The IRS has announced a decrease in the standard mileage rates for the deductible costs of the use of a vehicle for business, moving, and medical purposes. In 2017, those who operate their owned or leased vehicles for business purposes may deduct qualified travel at a rate of 53.5 center per mile. This is a 0.5 cent reduction from the 2016 rate. Travel for qualified medical and moving purposes can be deducted at 17 cents per mile in 2017, a 2 cent drop from 2016. The 14 cent mileage rate for qualified charitable travel remains the same.

If you would like to discuss allowing us to assist you with your tax preparation, or if you have any other tax related questions, please contact James R. Grebe, John G. Dundas, or David B. Wiest at (309) 637-1400.



ESTATE PLANNING IN AN ON-LINE WORLD

Despite on-line activities becoming such an increasing part of their everyday lives, few ever give thought to what happens to the digital portion of their estate upon their passing. Many may consider this to be a minor issue as they do not have much of a concern as to what happens to their social media accounts or similar recreational on-line activities after their death. However, dealing with such digital assets is becoming increasingly burdensome for executors and administrators as they try to wrap up their deceased loved ones' affairs. Additionally, many people's financial activities are now conducted almost entirely in the digital world, which also creates different challenges for those attempting to administer a decedent's estate.

One of the primary benefits of a good estate plan is making the administration of your estate easier for those you nominate to take on that task after your death. More and more often this includes the administration of your digital assets. Your estate planning documents can include provisions directly addressing your on-line activities, and planning outside of the documents themselves can be helpful to ease the collection and distribution of your assets which are held in on-line accounts. This includes making sure your estate plan complies with, and takes advantage of, the changing laws in this area, such as the federal Stored Communications Act, and the Revised Uniform Fiduciary Access to Digital Assets Act that was recently passed in Illinois.

If you have any questions regarding any estate planning issues, please contact James R. Grebe or David B. Wiest at (309) 637-1400.

SENIORS' EXEMPTION FROM INCREASE IN INCOME PERCENTAGE THRESHOLD FOR DEDUCTIBILITY OF MEDICAL EXPENSE EXPIRES

Taxpayers whose qualified medical expenses exceed the threshold limits may include these expenses on their itemized deductions. In 2013, for most taxpayers this threshold increased from 7.5% of their adjusted gross income to 10%. Those 65 years and older were provided a temporary exemption from this increase, and such individuals were able to continue to use the previous 7.5% threshold. This exemption included the 2016 tax year, but ends for the 2017 tax year. Absent a change in the law, in 2017 all taxpayers will be subject to the same 10% threshold for the deductibility of medical expenses.

The IRS defines deductible medical expenses as "the costs of diagnosis, cure, mitigation, treatment, or prevention of disease, and the costs for treatments affecting any part or function of the body." These costs can include those for qualified services by medical and dental practitioners, long term care expenses, prescriptions, medical devices, mental health treatment, insurance premiums, and travel expenses. Expenses that are merely beneficial to general health, such as vitamins, are not deductible. For instance, expenses relating to weight loss programs usually are not deductible, even if a doctor recommends weight loss to improve your general health. However, if a doctor recommends a weight loss plan to treat a specific diagnosed disease (such as obesity, hypertension, or hear disease), certain expenses relating to a weight loss plan may be deductible. As a general rule, you may not only deduct your own qualified medical expenses, but also those you paid for your spouse or dependent.

If you have any questions regarding any tax law issues, please contact James R. Grebe or John G. Dundas at (309) 637-1400.

MINIMUM DISTRIBUTIONS FROM RETIREMENT PLANS ARE DRAWING INCREASED ATTENTION

An expansion in the audits of large retirement plans regarding minimum distributions has shown an increased interest in the issue by the Department of Labor. Most retirement plans, with the exception of Roth IRAs while the owner is alive, require certain minimum distributions to be made beginning at the age of 70 ½, regardless of whether the owner is retired or still working. The Internal Revenue Service has long been interested in this issue, and if it found that a plan did not make the required minimum distributions the plan's qualified status could be in jeopardy. The Department of Revenue's audits could add civil and criminal penalties for a plan's failure to meet the minimum distribution requirements.

While the Department of Labor's attention is being directed at the plans, this does provide a good reminder of the importance to the individual of taking minimum distributions. If an individual fails to take their required minimum distribution in a year, the government will take a hefty portion of the amount that should have been distributed. If less than the full minimum distribution is taken, an excise tax of 50% of the deficiency in the amount withdrawn will be assessed. However, if an individual can show that their failure to withdraw the required amount was due to a reasonable error and that reasonable steps are being taken to correct the shortfall, they may be able to have the penalty waived.

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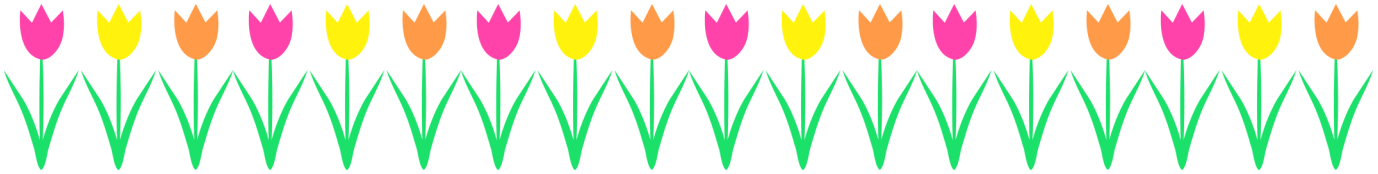

IRS PROPOSES INCREASE TO OFFER IN COMPROMISE FEE

In an attempt to lose less money from the program, the Internal Revenue Service has proposed an increase in the fee to seek an Offer in Compromise on outstanding tax debts from $186 to $300. With certain exceptions, this fee, along with a required initial payment, must be paid when submitting an Offer in Compromise to the IRS. An Offer in Compromise that is made without such required payments is subject to being rejected without an opportunity to appeal. The fee and initial payment are not refundable, and will not be returned the tax payer in the event the Offer in Compromise is not accepted.

An Offer in Compromise is a procedure that allows a tax payer and the IRS enter an agreement to settle an outstanding tax debt for less than the full amount owed. Although it can be highly beneficial in certain circumstances, its use is limited and is not likely to be helpful to many who owe an outstanding debt to the IRS. Fortunately, even for those for whom an Offer in Compromise does not appear to be a viable means of resolving a debt to the IRS, other arrangements can be made to settle delinquent tax issues.

If you have any questions regarding delinquent taxes or other tax issues, please contact James R. Grebe or John G. Dundas at (309) 637-1400.

CHANGES TO SCOTT'S LAW

The Illinois statute commonly referred to as "Scott's Law" or the "Move Over Law" was recently expanded to provide greater protection for drivers on Illinois roadways. As you may recall, "Scott's Law" was largely enacted in response to the death of Lieutenant Scott Gillen of the Chicago Fire Department, who was killed by an intoxicated driver while assisting at a crash on the Dan Ryan Expressway. The law initially required drivers to slow down and change lanes when approaching a stopped emergency response vehicle. However, as of January 1, 2017, "Scott's Law" now mandates that drivers reduce their speed, cautiously change lanes, if possible, and proceed with due caution when passing *any* vehicle displaying flashing emergency lights, including passenger and commercial vehicles.

So remember, if you see a vehicle stopped along the roadway displaying emergency lights, slow down, safely switch lanes, and pass the vehicle with caution. Failure to do so may result in a significant penalty, including costly fines, driver's license suspension, or jail time in extreme cases.

If you have any questions regarding traffic violation issues, please contact Boyd O. Roberts III at (309) 637-1400.

THE HAIRSTYLIST'S CHAIR

Effective January 1, 2017, the Illinois General Assembly enacted a law that lawmakers hope will help curb incidents of domestic violence by taking advantage of the unique, intimate relationship many form with salon professionals, such as hairstylists or cosmetologists. Under the new law, salon professionals will be required to undergo mandatory training as part of their licensing process to identify signs of domestic violence and abuse. However, these professionals will not become mandatory reporters of abuse and will be protected from any form of liability arising from their role in this new legislative directive.

As such, salon professionals are not expected to intervene in difficult emotional and family situations, but rather will be relied on as a tool to connect their clients with services when they may be in need of help.

If you have any questions regarding domestic relations matters, please contact Charles J. Urban at (309) 637-1400.

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HGSUW News & Views is published by the law firm of Hasselberg Grebe Snodgrass Urban & Wentworth for its clients and friends.

Hasselberg Grebe Snodgrass Urban & Wentworth is a 14-attorney full service law firm with individual lawyers concentrating in particular areas of the law. The firm serves clients throughout the State with a focus on Central and Southern Illinois. Practice areas include: Adoption Law, Administrative Law, Agricultural Law, Bankruptcy, Commercial Law, Corporate Law, Criminal Law, DUI/DWI, Elder Law, Estate Planning, Family Law, Federal Taxation, Governmental Law, Insurance Law, Labor and Employment, Land Use, Litigation, Personal Injury, Planning, Probate, Real Estate, Real Estate Title Insurance, Traffic Violations, Trusts and Estates, Wills, Worker's Compensation, and Zoning.

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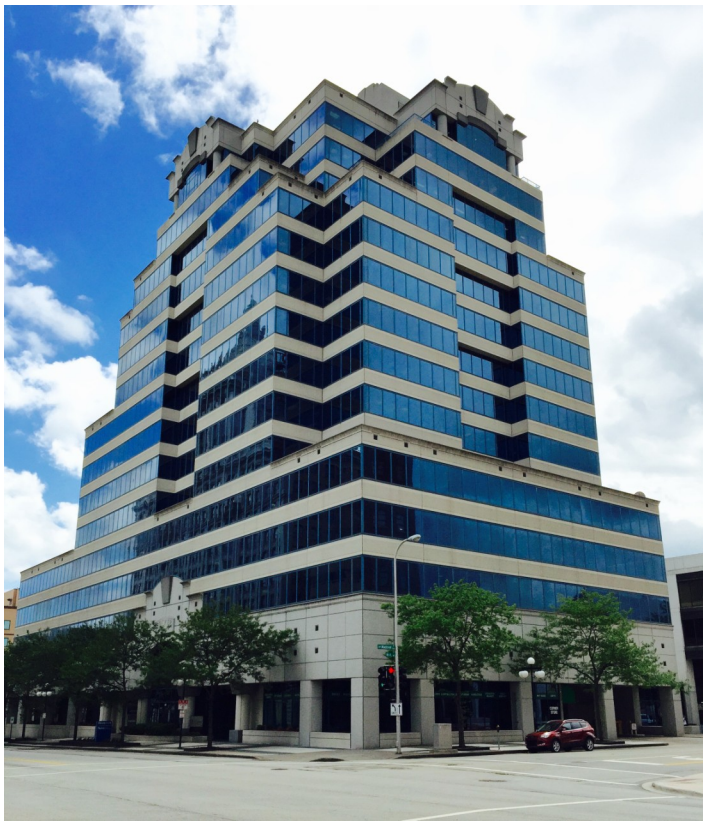

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