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UPDATE

Volume 31 Number 2 June, 2006

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Oconomowoc Office Moves to 1040 Oconomowoc Parkway

WKMR is in the process of building their new 11,000 square foot Oconomowoc office location at **1040 Oconomowoc Parkway**. The site is located just west of the Kwik Trip off of Hwy 67.

Everything, down to the perfect address, is in line for this exciting move scheduled for late summer.

March 20th was the date of the ground-breaking ceremony in which Oconomowoc Mayor Sullivan attended, along with partners from the three WKMR offices.

Stay tuned for your open house invitation and contact Dan Gotter with any questions at 262.567.6540.

From left to right: Dan Gotter, Mayor Sullivan, Liz Kaiser, Curt Disrud, Wes Jones, Jim Holsen, and Mark Potts.

What You Gain and What You Lose When Moving Your Home Business (deductions)

by Liz Kaiser, CPA - LizK@wkmr.com

So you're thinking of moving out of your home office to a commercial space? Your home office has certainly had its advantages and disadvantages. But now it's time to move on and you're wondering what you'll gain and what you'll lose by making the move - particularly from a tax standpoint. Well, the good news is that most additional costs you incur for and due to this move will be tax deductible, such as:

- Moving expenses,
- Rent (which will usually include the cost of build-outs, if applicable),
- The cost of new equipment such as telephones, computers and office furniture (although it may need to be depreciated over 5-7 years),
- The cost of wiring the office for telephones and computers (although it may need to be depreciated over 5-7 years), and
- The cost of basic local telephone service charges (which was not deductible for your home office inthe past unless you had a separate dedicated line).

<u>What will you lose, in terms of deductions, by this move?</u>

- The deduction for home office expenses (depreciation, utilities, maintenance),
- Commuting costs from home to the offsite office are not a deductible business expense. (Although, the cost of travel from your home or office to customers or to run business-related errands is tax deductible. If you travel from home directly to a customer and then to your office, or from the office to a customer then home, all the mileage or travel costs you incur for those trips are deductible business expenses.), and
- The cost of a new work wardrobe is not a deductible business expense.

There are certainly advantages and disadvantages of moving to commercial space but, at least from a tax standpoint the advantages far outweigh the disadvantages. Be sure to talk to your tax advisor regarding your particular circumstances.

This article can be seen in the Magazine Soho's July/August 06 issue.

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Small Business Computer Security

If you are serious about data security for your desktops and laptops, you must do three things: Keep your software up to date, protect against viruses and set up a firewall. Here are some more steps to keep intruders - both human and digital - away.

1. Keep your data safe. Implementing a regular backup procedure is a simple way to safeguard critical business data. Setting permission and using encryption also help.

2. Use the Internet safely. Unscrupulous Web sites, as well as pop-ups and animations, can be dangerous. Set rules about Internet usage to protect your business - and your employees.

3. Protect your network. Remote access to your network may be a business necessity, but it is also a security risk you need to closely monitor. Use strong passwords and be especially cautious about wireless networks.

4. Protect your servers. Make sure the software that's critical to your business operations is fully secure around the clock. Internal and external vulnerabilities can lead to lost productivity - or worse.

5. Manage desktops and laptops from the server. Without stringent administrative procedures in place, the security measures you take to safeguard your business may be unintentionally jeopardized by users.

Contact our IT department with questions at 262.567.6540.

Can You Really Get a Free Credit Report?

by Marge Buchholz CPA, CVA - MargeB@wkmr.com

Consumers in Wisconsin are entitled to receive a free copy of their credit report every 12 months from each of the three major credit bureaus (Experian, TransUnion and Equifax).

Many people are finding that actually getting their free credit report is not as easy as it looks because there are websites that are tricking people into paying. You have probably seen the advertisements on the Web and received email from companies offering to provide you with your free credit report - for a fee. This brings up two questions:

1. How is it a free credit report if you have to pay for it?

2. How do you muddle through the mass of free credit report offers without being scammed?

If you type in "Free Credit Report" into your favorite search engine, many of the sites that come up at the top of the lists are sites that don't really offer free credit reports, but rather are offering credit monitoring services for a cost. While credit monitoring services definitely have their benefits and can be used to prevent identity theft, they shouldn't be used as a bait-and-switch tactic for getting a free credit report.

A more subtle problem to be aware of is that some sites may truly offer a free credit report, however, in addition to asking for your personal information, they may also ask for your credit card information. If you read the fine print, you'll see that you are actually authorizing them to charge your credit card for their credit monitoring service after 30 days.

To obtain your free credit report visit www.annualcreditreport.com or call 877-322-8228. You can also request a copy of your free credit report in writing rather than online or on the phone by downloading the form from the website and mailing it in.

You are allowed one free credit report from each of the three national credit reporting agencies every 12 months. You may want to stagger your requests from the different agencies (for example one request every 4 months) if your primary concern is catching fraudulent activity. This strategy will provide early warning if anyone has stolen your identity or obtains loans or credit cards in your name.

If you have any questions, please contact Marge at 262.567.6540.

But sometimes it's not that simple. When both partners either want the money duties, or both want to slough off those duties onto the other, "you need to discuss what your individual strengths are," says Ms. Hughes, a California counselor. "You might be really good at investments - or at least willing to handle that part of the family's financial life - and so you can be in charge of that. Your partner might be good at managing the bills and bank accounts, so they take that piece."

But even when one spouse willingly cedes the money duties, that spouse must remain up to speed with the checking account, the credit cards and the investment and retirement money - if only to prevent getting blindsided by a crisis. At the same time, the spouse in charge of those duties must make it a point to keep the other partner up-to-date, so that unspoken concerns don't grow into resentments.

Family finances, says Mr. Cole, an Alabama planner, work best when both partners know what's going on with the money. "Otherwise," he says, "the strains build over time and you wonder one day how it got to be so bad."

8. Will we operate from one checkbook or three?

Young couples often assume they must have a joint checking account to prove they're united. Older newlyweds, accustomed to managing their own money, often want individual accounts to retain their autonomy.

Neither approach is necessarily wrong - though neither is particularly right, either.

Jumping into a joint account as newlyweds isn't always the smartest approach until you've had the time to learn each other's financial habits. For instance, if one partner puts every purchase on a credit card, and the other uses only cash, the family's income may not stretch across the monthly paychecks - especially if neither spouse keeps close track of how much they've spent.

Better to operate from three accounts early on: a joint account that each of you helps fund to handle combined expenses such as food, housing and utilities; and two individual accounts into which you each dump a monthly allowance that pays for individual discretionary wants.

Of course, continuing to operate from individual accounts isn't always the smartest approach, either. For one thing, those accounts can mask a family's true financial picture, since the money is often viewed as "mine" and not "ours." As such, says Ms. Fleming , a planner in Walnut Creek, Calif., "families have a hard time saving for important wants when their individual paychecks are going into separate accounts. There is value in feeling like you're a unit, striving toward something important to both of you."

Moreover, if one partner saves in that individual account instead of spends from it, the situation could bring financial tensions. The spender could see all the cash the saver has socked away, and all the spending that it represents, and get jealous.

If you ultimately choose to operate from a joint account, allow each partner to spend a certain amount monthly without permission from the other. And agree on a limit beyond which a purchase must be discussed. If, however, your partner is a serial violator, overspending his or her amount month after month, then it's probably best that both partners stick to individual accounts.

Meanwhile, if you operate from individual accounts, both of those accounts should ultimately be made available to help afford family purchases that the joint account alone can't handle.

9. Do you have a basic understanding of money?

"Money is a life skill, like swimming," says Ms. Schwab Pomerantz. "Both of you need to know how to swim, because life is full of stormy seas."

In money terms, that means understanding the basics of how checking accounts, credit cards and 401(k) plans work. John Pironti and Amy Sozanski, a Boston couple who will walk down the aisle in May after more than two years of dating, are sorting out many of these financial matters now. Ms. Sozanski says her fiancé "was baffled by the fact that I didn't know you don't just pay the minimum on a credit card balance. No one over told me this. He was frustrated that I didn't know this, and I didn't understand why it was such a problem for him." So, he bought her a session with his financial planner.

"I laughed it off," Ms. Sozanski says, "but I figured it's important to him, so I appeased him. And I was amazed leaving there. I was on the right track and she told John that I was doing a great job. That has helped us."

This article is an authorized reprint from the March 27, 2006 Wall Street Journal. For questions, contact Liz Kaiser at 262.797.9050.

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Love and Money

Nine questions partners should ask each other before getting married.

Couples talk about a lot of things when they're planning to get married. How many kids they want, where they'll live, how often they'll visit the in-laws, etc. But there's one topic that often feels too personal to talk about. And that's money.

In their rush down the aisle, couples often think that love will overcome any disagreements about saving and spending. It doesn't. And so even among the most compatible couples, the prewedding vows of personal-finance silence eventually leads to frustration, fights and power struggles.

So, as another wedding season approaches, here's a list of nine questions all newlyweds should be asking themselves and their partners. No matter if you're 20 years old and marrying for the first time, or 50 and planning wedding number three, the answers will give you a better understanding of how you each view money - and the role it will play in your relationship.

1. What are your financial assets and liabilities?

This is the most basic question - and the most difficult to discuss.

Money remains such a taboo that people are disinclined to share how much they've saved, how much they earn or how much debt they've accumulated on credit cards, auto leases and such. They're even queasier asking a partner to divulge those details.

Yet these are important numbers to know. Money in the bank represents financial security, a source of income and a resource to afford items that can make life enjoyable. Debt, by contrast, can be a source of angst and an expense that drains the family's monthly income. And, ultimately, it can prevent you and your spouse from pursuing what you want.

Knowing the assets and liabilities each person brings into the relationship is the starting point for the rest of the money discussions you'll need to have. And rest assured that these numbers won't stay hidden forever, particularly debt. The first time you and your spouse try to finance a car or buy a house, for instance, the debt will show up on a credit report.

2. How do you use debt?

Once you know how much debt your partner-to-be has, take the next step and find out what type of debt. There's a big difference between $30,000 in school loans and $30,000 of credit card debt.

So ask each other: Do you amass debt in the present, figuring you'll earn more money later in life and can pay it off then? Do you abhor debt and refuse to own a credit card? Either approach could cause marital strife if your partner isn't on the same page.

Pay attention while dating, and you can begin to see telltale patterns. Maybe the love of your life uses a credit card for every purchase, even the $1 soda at the local mini-mart. Maybe your partner seems to be driving a more expensive car than he or she should be able to afford.

Use those observations as entry points into discussions. Ask whether your partner generally carries a balance on a credit card and how he or she envisions paying it down once you're married. Ask if you partner borrowed money to by his car, or relied on a lease. (A lease often allows people to drive a pricey car they otherwise couldn't afford using cash or a loan.)

The point is that you must know if you are marring into a potential debt problem. Any debt you accumulate together may be partly your responsibility if the marriage falls apart - even if you didn't actually make the purchases.

3. What is your money history?

This is touchy-feely, but how you were raised and the money memories you have shape how you deal with finances in your relationship. Some people were raised in a permissive household, where kids were given money freely without having to earn it. Others come from homes where money was tight. Some grow up behaving exactly as their parents did; others behave exactly the opposite. The roots of these behaviors are rarely discussed, yet they define how you and your partner operate.

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In the classic example, a saver marries a spender and then the couple clashes when the saver balks at how freely the spender throws money around. The spender, meanwhile, rebels at the apparent miserliness of the saver.

Even worse, though, may be when each partner simply reinforces the negative habits of the other.

Nicole and Mark Wenneker, a San Francisco couple who married 18 months ago, didn't really discuss finances during the year they dated. "I was scared to talk about money," the 31-year old Ms. Wenneker says. "I figured we'd just do it later. I didn't want to seem interested in his money; that was just too touchy."

What she didn't know was that her future husband was a natural spender, just like her. It "became clear when we were planning the wedding," Ms. Wenneker says. "Mark was ready to spend all out, more than I had expected."

The overspending continued into the marriage. "I realized we couldn't keep this up," Ms. Wenneker says. "I felt I had to be the one to put us through a reality check, and that created some tense moments."

She ultimately took on the role of saver, the family's financial gatekeeper. The role reversal "was shocking for me," she says. "I don't come from that kind of background in my childhood. I never thought I'd be married to someone where I am better at the finances." Ms. Wenneker says she was raised in a house where Dad controlled the finances and Mom didn't. As such, Ms. Wenneker says that's the role she expected to play in her own marriage.

Some of this angst can be avoided ahead of time if partners can recognize the value the other places on money. An easy way to discuss this: "Ask, 'What does money represent to you?'" says Carrie Schwab Pomerantz, Chief Strategist, consumer education, at Charles Schwab & Co. "Does it represent choices? Security? Time together on family vacations? How will money be used to fulfill those values?"

Through those answers, you'll begin to understand the money habits you already see. That will help the two of you shape the compromises necessary for attaining what you each want from your money.

4. Do we need a prenup?

This is, potentially, the most explosive question. The very utterance of "prenuptial agreement" can send one partner into paroxysms of fury, since a prenup often implies mistrust or a lack of faith in the relationship's survival.

Of course, there could be a situation where one partner legitimately wants to shelter certain assets for a special-needs sibling, or maybe kids from a previous marriage. In many cases, a spouse who expects to give up a career would do well to have a prenup; in case of a divorce, it could help him or her recoup the retirement nest egg that would have accumulated in a company 401(k) plan.

5. What are your financial aspirations?

Talk about your individual and combined hopes and dreams: the college you want your kids to attend; the lake house you want to buy; the trips you want to take; the classic Corvette you want to restore. Saving enough to retire early to open a bistro or flower shop or to do pro bono work for a nonprofit.

You may never attain all your dreams, and that's fine. This conversation, instead, aims to help you articulate your priorities and talk about how you'll ultimately fund those priorities together. This shows where common ground already exists, and where you need to start looking for it.

It also helps you each to gauge, over time, whether your words match your actions. If the goal is saving for a child's education, for instance, then it doesn't make much sense "if you're instead buying the big house out of your price range and the Porsche instead of the Honda," says Ms. Schwab Pomerantz.

6. What are your career expectations?

Do you expect you and your spouse will both work full-time throughout your marriage, each climbing the ladder to greater salaries? Do you expect to live off one income after a child is born?

Both of you need to know what the other expects. Or else the day may arrive where one of you is saying, "But I thought we were both going to work," and the other is insisting, "But I thought you knew I was going to stay home with the kids!"

7. How do you propose we divide financial duties?

In many a marriage, one partner often takes the reins of the family's finances. The other is glad to let go.

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