Coordinator: Thank you. We’ll now begin the question and answer session from the phone lines. If you would like to ask a question, please press * 1. Please unmute your phone and record your name at the prompt so that your question may be properly introduced.

Again, it is *1 to ask a question. One moment please.

Jane Walstedt: Sarah, do we have a question?

Coordinator: We do have one question. It’ll be just a moment for me to gather the name.

Jane Walstedt: Sure.

Coordinator: And our first question comes from Jill. Your line is open.

Jill: Thank you. I have a question about if somebody is on Workers’ Comp Disability and there…if there’s a provision for them to go back to school to get, you know, back to work in a different career path, if they’re no longer able to function in that current capacity they were working in, and if during that time, they can actually apply for unemployment because they’re not able to generate income?

Jane Walstedt: Stephanie, do you know the answer to that?

Stephanie Garcia: Actually, you need to really contact the state, because all states have “able and available” provisions, meaning you have to be able and available for full-time employment and actively seeking work.
Now, if there are compelling reasons that prevent you from going back to your normal occupation, and they happen to approve your training, then you might be able to qualify. But, like I said, it depends on your state.

So I would contact them, because there might a possibility for you.

Jane Walstedt: What state are you in, Jill?

Jill: Florida.

Jane Walstedt: Florida.

Jill: Yeah.

Jane Walstedt: So there should be a link. Do you know who to contact in Florida, or, if not, there should be a link on the Web site of the Employment and Training Administration of the Department of Labor.

Stephanie Garcia: Correct. That’s www.servicelocator.org. It actually brings up a map, and then you just click on Florida, and then they’ll be able to like help you.

Jill: Okay. Thank you.

Stephanie Garcia: No problem.

Jane Walstedt: Sarah, do we have another question?

Coordinator: Yes, our next question comes from Adrienne Shaw. Your line is open.
Adrienne Shaw: I just wanted to know what that Web site was that Stephanie Garcia gave, the one http\ows. something else.

Stephanie Garcia: Oh. Okay. I’m sorry. That’s www.ows.doleta.gov. And that’s basically where you can find information on unemployment insurance, the different programs they have, some information about labor market statistics, etc.

Jane Walstedt: And there’s no dot between dol and eta right?

Stephanie Garcia: No. That’s correct.

Jane Walstedt: Oh. Okay.

Stephanie Garcia: Okay. And I’ll ask Jane to maybe publish it on their Web site. That would be helpful to you.

Jane Walstedt: Yeah. It’ll be in the transcript too.

Stephanie Garcia: Okay.

Adrienne Shaw: Oh. Okay.

Jane Walstedt: Did you get that Web site, Adrienne?

Adrienne Shaw: Yes, ma’am.

Jane Walstedt: Okay. Great. Thank you. Thank you for asking for clarification. Sarah, do we have another question?

Coordinator: Yes, our next question comes from Octavia. Your line is open.
Octavia: Thank you. I was wondering if Stephanie could address the Workforce Investment Act and how people can be eligible for it and what kinds of people, whether there’s still money it, and how they can go about getting funds from the WIA?

Stephanie Garcia: Oh. Okay. What you need…again, what you basically have to do is contact your local state agency. They will do an assessment and see…different states have different programs that they get disbursement for under the WIA. They…some states do have monies left over if they don’t use it right away for retraining purposes. So, I would contact a local One Stop Center that career…that www.servicelocator.org. It’ll also give you the contact information for that local One Stop.

I would make an appointment, and then I would ask them to make an assessment, depending on what your retraining needs are. And they’ll tell you right away if there…whether there’s possibilities for you, opportunities.

Octavia: Thank you.

Jane Walstedt: Octavia, have you already been in touch with the One Stop?

Octavia: No. I’m calling on behalf of some other people.

Jane Walstedt: Okay.

Octavia: And they’ve…I’ve been asking them to go to the - I’m sorry--local…like the workforce place...

Jane Walstedt: Yeah.
Octavia: ...unemployment place and start from there.

Jane Walstedt: Okay. All right. Thank you. Sarah, do we have another question?

Coordinator: Yes, we have a follow-up question from Jill. Your line is open.

Jill: Okay. Thank you. I had a question for the last gentlemen speaker--Jack--and then my question was about the lower...when they lowered our taxes on our payroll check. We did notice that. I normally claim married four, and that’s about $53 a paycheck--every biweekly paycheck.

Prior to that I was claiming married zero, and it was all the way up to $170 something biweekly. Now, with this new lowering, it’s down to $34. And you said to go to paycheckcity.com and we’re able to find out what we should sort of be paying, and then I just use a W-4 then to recalculate kind of going back to maybe married zero, so that they’ll take out more.

Jack Heil: Yeah. When you normally do your tax return, do you get a large refund?

Jill: I was typically getting about, you know, $6,000 back.

Jack Heil: Yeah. Okay. So you were way over withholding...

Jill: Right.

Jack Heil: ...to get that size of a refund. So it’s probably not...what’s going to happen is, is that you’re going to get more of it [money in your paycheck] now, but you won’t have that refund-- that big refund--next year if you lower the amount you’re having withheld.
Jill: But you just recommend going to paycheckcity.com, and then it’ll help me try to gauge what it should be at?

Jack Heil: Yeah. Absolutely. Go to paycheckcity, but I also think…do you do your own tax return or do you have somebody prepare it with you?

Jill: I actually do my own with the software…use the software.

Jack Heil: Yeah. You know the thing I want to caution you on is if everything seems like it’s going to be the same, you know, and you’re willing to concede that big refund, you’ll probably be okay. And what you might want to do is, if you’re bringing it down is, what would you do with that extra money once it’s coming into your account? Would you spend it or would you set it aside?

Jill: Well, in the past I would probably spend it, but based on my retraining and my logic, since I’m in Generation X and I’m very much in debt now...

Jack Heil: Right.

Jill: ...my plan is to pay myself out of debt and live on a cash-based system.

Jack Heil: Right. Is your income steady?

Jill: My income, yes, is steady, but also my husband’s is not steady, based on the fact that he was injured at work, and we’re kind of retraining what he’s going to be doing.

Jack Heil: So do you think his income will go down. Like if you looked at next year, do you think it would be higher, lower, about the same?

Jill: His income will be lower because he’ll probably be unemployed.
Jack Heil: Yeah, well, you know, it is probably a golden opportunity for you to maybe take that money and instead of spending it, save it. And you know, if you had some credit card debts or something, put half of what you’re getting now that you weren’t, pay down some of the debt, and set that other side aside in a savings [account] and get in that habit of systematic savings.

Then if you have a surprise next year, you’ll be able to fund it. Otherwise, if you’re still...if your income went down, then your tax liability should go down and you should be good to go. It just won’t be as large a refund at that time.

Jane Walstedt: But doesn’t it depend on whether Jill already has some savings?

Jill: I have about $3,000 in savings right now, so it’s not really going to...you know, it’s not a large amount.

Jane Walstedt: Yeah, and that wouldn’t probably carry you through what...what do they say, have three to six months in emergency funds?

Jill: Yeah, I have less than a month of savings.

Jane Walstedt: Yeah. Well then it sounds like, Jack, your advice is good to build up that savings account for emergencies.

Jack Heil: Right. The thing I would say to you is, with that kind of a...amount of savings that you have, you’re a perfect candidate for my simple concept. You know, right now, don’t worry about getting returns on that money, just build that savings account quietly and get into the use of...or the mindset of saving that.
Get past that first income tax return where you may not have the big refund, and if you just get another refund, that adds you know, icing on top of your cake, and then you can move forward more comfortably.

Jill: So what do you think should be a normal…because I don’t think you would ever recommend that we owe the government at the end of the year, right?

Jack Heil: Well, you know, it’s - especially if you’re used to getting refunds--it’s more difficult if you would owe, and I prefer to have my clients get refunds, because they leave my office happier, even if it’s a dollar. And you know, usually what I have is grown men in a fetal position crying in the corner of my office, and that’s emotionally difficult on me.

But, you know, some people just…I think you’re doing a great job. My guess is, you’re a good money manager, and you’re…you know, you get by without having that money, so that refund has been a nice kicker for you each year. I don’t suspect that you’re wasting your money, and you’re probably a good budgeter.

Jill: I appreciate that.

Jane Walstedt: Would automatic payroll deduction be a good idea?

Jack Heil: Well, she’s going to get that because it’s just going to show up net in her check. When she lowers her federal withholding, it’s going to increase her net check, so she’s going to have that.

Jane Walstedt: But what I mean is, if, you know, if it were to go automatically from her account into a savings account?
Jack Heil: Oh, if you have that option, sure. That’s where it’s going to end up ultimately. Just don’t make it be something market-driven. Make it safe in a bank that’s FDIC-insured and generating interest. The interest is low now, but that will come back. That will start to rise.

It can’t go anywhere but up. So be patient and quietly build that savings nest egg. That’s the first brick in your foundation of financial planning.

Jill: Now, how long do you think the government will keep those taxes low? A year?

Jack Heil: Well, I don’t think…you know, without saying your income over there, I think that if your income is under $250,000, you’re going to have favorable tax rates for quite some time.

Jill: Okay.

Jane Walstedt: Thank you, both of you. Sarah, do we have another question?

Coordinator: Yes, we have a question from Sybil. Your line is open.

Sybil: Hi. I missed about ten minutes of the program. Thank you so much for having this. I…do we…was there any talk about severance? I…my last day working was early March, and I haven’t received it yet, but I am expecting a three-month severance pay.

However, in the write-up it talked about our ability to negotiate severance, and I don’t know if there was any talk about that at all.

Jane Walstedt: What write-up are you referring to?
Sybil: The WiSeUp. I thought there was some mention about negotiating severance.

Jane Walstedt: Oh, maybe in the flyer.

Sybil: Okay.

Jane Walstedt: How to negotiate a severance. Bedda, is this something that...

Bedda D’Angelo: That’s something that because of the lack of time, I did not address, but I would be happy to answer it. With negotiation, with severance negotiation, usually the…most corporations that offer severance have a very specific contract that they offer to all employees.

Where the negotiation…the ability to negotiate comes in [is] with very senior executives, and then they find out quite often these days that they have to give it back anyway, if it’s really big.

So, in answer to your question, it really depends upon your company, what the company policy is, if the severance was part of a general unemployment…what the company was offering to all employees. Then it’s probably pretty much set in stone, and it’s probably based on a formula.

Most severance packages will ask you to sign a waiver that says that you will not sue for all of the Title VII [of the Civil Rights Act of 1964, as amended, which prohibits employment discrimination based on race, sex, color, religion, and national origin] issues. [Editor’s Note: EEOC Notice Number 915.002, dated 4/10/97, Subject: Enforcement Guidance on non-waivable employee rights under Equal Employment Opportunity Commission (EEOC) enforced statutes, provides that “An employer may not interfere with the protected right of an employee to file a charge, testify, assist, or participate in any manner in an investigation, hearing, or proceeding under Title VII of the Civil Rights
Act of 1964 (Title VII)….These employee rights are non-waivable under the federal civil rights laws.” The full text of the Notice, which also applies to the Americans with Disabilities Act, the Age Discrimination in Employment Act, and the Equal Pay Act, can be found on the EEOC Web site at www.eeoc.gov/policy/docs/waiver.html.

So, I guess, my question to you would be, “Is this something that all employees got or was this something that you got?”

Sybil: It was all employees. I mean it was just a small loophole that the company was able to work to their favor. But…and I did sign the waiver. I read it thoroughly. It did ask that it be reviewed with an attorney, and I just didn’t have anyone to go to, and all the things trying to get ready for un…for not being employed.

Bedda D’Angelo: All severance agreements have that. Go check with your attorney, but the fact is in most companies, unless you’re in a very senior level of management, they are not negotiable. Or the other time they would be negotiable would be if you’re being terminated with cause, but instead of terminating you, the company is giving you a severance package so that you won’t sue them. Then there’s some negotiation.

Sybil: I see. No it was just a massive layoff.

Bedda D’Angelo: Yeah. That. There’s usually no negotiation there.

Sybil: And may I just ask a second part for unemployment. My circumstances are rather unique. I am a Baby Boomer that was qualifying for retirement, and I get a small monthly pension. And when I applied for unemployment, they’re deducting that small pension that will actually have health benefits extracted
from it, but they just wanted to go with the gross. So I was just curious about if there was any way to appeal that decision?

Bedda D’Angelo: It depends upon what state you’re in.

Sybil: Okay.

Stephanie Garcia: Any decision of states is appealable, so I would research that further, because it depends on when you paid into the pension. Many states, if it’s outside of your base period, they would not count that, so it depends on your state, and I would pursue it, because usually all their laws are on their Web site anyway. [Editor’s Note: Sybil is located in California. The Web site of the California Employment Development Department is www.edd.ca.gov. An overview of the California unemployment insurance program can be found at www.edd.ca.gov/Unemployment/. Information on the first level of appeal can be found at www.edd.ca.gov/Unemployment/First_Level_Appeal.htm.]

Sybil: Okay. Thank you.

Jane Walstedt: Yeah, and the appeal rights are usually on the Web site too, right, Stephanie?

Stephanie Garcia: Correct, ma’am. Yeah.

Jane Walstedt: Yeah. Okay.

Jack Heil: Jane.

Jane Walstedt: Yeah.

Jack Heil: I just wanted to add, for those people who are receiving severance pay, I know in North Carolina, the first $35,000 of severance pay is not taxable within
North Carolina. And so if you, if that person who was calling is in North Carolina, they want to be aware of that, and others may check in their states to see if a similar provision is available.

Jane Walstedt: It’s not subject to state tax?

Jack Heil: That’s correct.

Jane Walstedt: So how would they find out if they’re not in North Carolina, whether…I guess, contacting the [state] tax authorities?

Jack Heil: Yes, you know, it usually in North Carolina, it’s in the instructions [for filing state income tax] under “Other deductions,” and so, you know, someone who’s a tax preparer would know that. A quick phone call saying, you know, “I have severance pay. Does it have any tax benefits in this state?” They would know that fairly quickly.

Jane Walstedt: Yeah, the thing is, I don’t know how many of our listeners use tax preparers. We’ve already heard from one who uses her own, you know, does her own taxes. So if somebody doesn’t have a tax preparer, they, I guess, would have to ask that question of the state tax man.

Jack Heil: You know, the Departments of Revenue for the states are very user-friendly. The other thing is, if you went to the Web site and it says “Search”...

Jane Walstedt: Right.

Jack Heil: ...type “severance pay” in the “Search” box and see what comes up.

Jane Walstedt: That’s a good suggestion.
Bedda D’Angelo: This is Bedda. I’d like to just mention one other fact about severance packages. In some states like Rhode Island and Massachusetts, if you receive a severance package, you can apply for unemployment and receive both simultaneously.

In other states, you have to wait until your severance is completely…you’ve used up all your severance, and then after you’ve received your last severance pay[ment], then you can apply for unemployment.

So if you are receiving a severance package, it would be worthwhile to check to see what the law is of the state that you live in.

Jane Walstedt: Oh, that’s a useful suggestion. Thanks, Bedda.

Sarah, do we have another question?

Coordinator: Yes, our last question comes from Denise. Your line is open.

Denise Pina: Hi. This is Denise Pina. My question is for Mr. Heil. I was wondering if there’s a…if you can go over any tax credits that they’re offering for small businesses, or if there’s a location on the Web where we can easily find them -- and for the individuals as well?

Jack Heil: You know, the one that comes to mind for small businesses is if you set up a retirement plan, there may be a tax credit for that. I…there are certain tax credits, but in my practice, I’ve not come across a small business tax credit.

I will tell you that there’s a very favorable depreciation rule for equipment right now, where up to $250,000 of assets that you acquire can be expensed in the year that you acquire those, and that is the one that my clients seem to be taking the best advantage of.
You may also, depending on what state you are, look and see if your state is offering any small business tax credits.

Jane Walstedt: Denise...

Denise Pina: We’re in California, and I was looking on the Web to find out if there was any benefits from the Stimulus Package or tax credits, and I’ve had a difficult time finding that.

Jane Walstedt: Did you…did you put that comment when you registered for Wi$eUp, Denise?

Denise Pina: No, I did not.

Jane Walstedt: Okay. Somebody did ask us a similar question. I want to point out here, that we do send your questions also to our experts on the Wi$eUp Web site...

Denise Pina: Okay.

Jane Walstedt: …so you should watch that Web site for the answers to your…additional answers to your questions, and the American Institute of Certified Public Accountants has also agreed to review the responses to or answer tax-related questions, so watch the Web site, and your question will be there with whatever answers we get.

We will try to get you an answer.

Jack Heil: You know, I just saw…I think if you think green--I was just looking under my business and self-employed check list. It says, “Alternative fuel, refueling property credit.” It says, “Business energy property credit related to wind
energy.” I expect that some of those might apply out in California as well, but if you think green, you’ll probably find a credit.

The vehicles…but you have to be careful about the hybrids. Some still quality; some don’t. So there are some opportunities there. I think what’s happened with me in my small business clients is that we’re taking full advantage of the depreciation, and the credit is not available to us because of the way I do the depreciation.

But, there were some others that just popped up right there.

Jane Walstedt: Denise, what kind of business are you in?

Denise Pina: We own an auto body repair facility. We’ve had it for 29 years. We’re…I’m second generation owner, and we have 15 employees.

Jane Walstedt: Okay. Well, we’ll see if we can get some additional answers. So just keep your eyes to the Wi$e Up Web site.

Denise Pina: Okay. Great. If you…if they have a link where I can actually read some of these changes myself that would be great. I’ve been searching and not being able to find a lot of answers for it.

Jane Walstedt: It’s a challenge. I know I’ve gone on the IRS Web site. It’s not always easy to find answers or to find them in simple format.

Denise Pina: Exactly.

Jane Walstedt: But we’ll try to get you an answer. [The IRS has a Small Business and Self-Employed Tax Center at www.irs.gov/businesses/small/index.html. Click on the link to “Business Expenses.”] The tax-related provisions of the American

Denise Pina: Thank you.

Jane Walstedt: And, Jack I think we’ve been butchering your name a little bit. It’s Heil, isn’t it?

Jack Heil: Yes.

Denise Pina: I’m sorry if it’s incorrect.

Jack Heil: I’m used to it.

Jane Walstedt: It’s because Cindy said, you know, started pronouncing it differently. I just wanted to clarify that.

Jack, you…before I turn to our closing remarks, I just wanted to clarify something you said about adoption benefits. You said something about - and maybe you didn’t mean to--a credit of up to $11,000 when you finalize your divorce.

You must have meant adoption, didn’t...

Jack Heil: Oh, yes. I’m sorry. Yes. I didn’t even hear that, but...

Jane Walstedt: Yeah.

Jack Heil: But when you finalize your adoption.

Jane Walstedt: Right. Okay. I just wanted to make sure that we clarified that.
Jack Heil: Thank you.

Jane Walstedt: That’s good. Okay. Well now I’m going to turn to Sarah Miller, because I think, Sarah, you told us that that was the last question that was in the queue?

Coordinator: Yes. Exactly.