

UFT Welfare Fund Retiree Legal Plan

PREVENTIVE LAW GUIDE



A newsletter designed to help guide you through the legality of reality

Issue 69
January 2015

Legal Service Plan -- Important Changes/Correction

Important Correction

NYSUT Member Benefits recently updated its endorsed Legal Service Plan materials for all current Plan participants. Unfortunately, an error was made in printing regarding the **Guaranteed Maximum Fees** schedule and **Percentage Savings** that can be found in the current Legal Service Plan brochure and the Certificates of Coverage.

We apologize for any confusion this may have caused.

The correct information is as follows:

- **Effective October 1, 2014, representation will be provided at the Plan rate of \$225 per hour or 40 percent less than the attorney's standard hourly rate, whichever is lower.**
- **Effective October 1, 2015, the rate will be \$250 per hour or 30 percent less than the attorney's standard hourly rate, whichever is lower.**
- **Effective October 1, 2017, the rate will be \$265 per hour or 30 percent less than the attorney's standard hourly rate, whichever is lower.**

All information currently printed in the Certificates of Coverage will be correct effective October 1, 2015.

Guaranteed Maximum Fees

Column A (below).....10/1/2014 - 9/30/2015
Column B (below)10/1/2015 - 9/30/2019

Personal Legal Matter	Maximum Fees	
	A	B
Divorce (uncontested without marital agreement)*	\$825	\$900
Divorce (uncontested with marital agreement)*	\$1,550	\$1,700
Separation (uncontested)*	\$825	\$900
Real Estate (sale or purchase, primary residence only)		
Up to \$250,000	\$775	\$850
\$250,000 - \$500,000	\$925	\$1,025
More than \$500,000	\$1,200	\$1,325
Refinance of Mortgage (primary residence only)	\$395	\$425
Traffic Violation (first offense, three points or less, up to two court appearances)	\$625	\$700
Misdemeanor (first offense, up to two court appearances)	\$950	\$1,050
Personal Bankruptcy (Chapter 7)	\$1,300	\$1,425
Name Change (uncontested)	\$500	\$550
Driving While Intoxicated (first offense, up to two court appearances)	\$950	\$1,050
Commencement of Proceedings for Modification of Child Support (preparation of pleadings only)*	\$500	\$550
Office Consultation re: Simple Will	\$100	\$110
Simple Promissory Note	\$35	\$40
Simple Trust	\$50	\$55
Simple Reciprocal Will with Simple Trust	\$100	\$110
Minor's Testamentary Trust	\$50	\$55
Powers of Attorney (POA)	\$75	\$75
Legal Security Package without POA	\$50	\$50
Legal Security Package with POA	\$100	\$100

**These benefits cover representation of the NYSUT member. Spouses or domestic partners are not covered under these benefits.*

Overcoming bankruptcy fears

By Jacqueline M. Kelly, Esq.

For most people, the mere thought of using bankruptcy as an option to alleviate financial distress is enough to make them cringe. While it's difficult to make the decision to declare bankruptcy, understanding the real purpose of it often helps people get past any guilt and shame they may feel in filing a case.

With very few exceptions, the bankruptcy clients that I have encountered in my practice all expressed strong feelings of shame and guilt at “stiffing their creditors” and “not meeting their financial obligations.”

I've always attempted to refocus their attention to what is most important to them. Whether it's saving their home, providing for their children, holding on to the vehicle that gets them to and from work every day, or simply getting out from under the black cloud of debt that keeps them awake at night.

Bankruptcy laws are available to assist people in obtaining a fresh start. For people with legitimate financial hardships, these laws can serve as a lifeline and there should be no shame involved.

My clients are people that have hit a bump in the road, whether it's the loss of a job, illness or disability, loss of a spouse, or failure of a business.

While some hardships are permanent, others are not; however, in a world where so many of us live paycheck to paycheck, even a temporary financial setback can have devastating effects on a family.

All too often, people are desperate to make the collection calls stop – even resorting to using mortgage or rent money to pay the most persistent creditors and get the phone to stop ringing.

They may deplete personal savings and retirement accounts and/or take on additional debt in the form of home equity loans or second mortgages – simply to pay creditors for debts that could most likely be discharged in bankruptcy.

Missing a mortgage payment to pay the minimum balance on a credit card is not a very good idea. And neither is taking on more debt to pay existing creditors.

As unappealing and scary as it may sound, what very may well be in their best interest is to consider bankruptcy. Doing this may afford someone the ability to eliminate most debts or pay what he or she can over time.

Bankruptcy exists for a reason... and it's not to make people feel ashamed or guilty or defeated. It exists to help those who have hit a bump in the road and need to get back on track.

My final message is this: Do not simply dismiss bankruptcy as the “B” word. Do not fear it! And consult with an attorney to understand it and find out how it may be able to help. ⚖️



Preventive Law Guide is published three times annually by the Legal Service Plan Administrator in cooperation with the National Legal Office of Feldman, Kramer & Monaco, P.C., 330 Vanderbilt Motor Parkway, Hauppauge, NY 11788. Unless otherwise noted, articles are authored by attorneys in the National Legal Office.

Preventive Law Guide is not a substitute for individual legal advice from a lawyer. The information presented here is believed accurate, but laws vary between states and every legal situation is different. If you have any questions whether information presented here applies to you, contact a plan attorney. Don't guess when you can be sure. New York residents, call the National Legal Office at 800-832-5182; all other residents, call 800-292-8063.

The UFT Welfare Fund Retiree Legal Service Plan provided through Feldman, Kramer & Monaco, P.C. is a NYSUT Member Benefits Trust (Member Benefits)-endorsed program. Member Benefits has an endorsement arrangement of \$3.75 per participant annually for this program. All such payments to Member Benefits are used solely to defray the costs of administering its various programs and, where appropriate, to enhance them. Member Benefits acts as your advocate; please contact Member Benefits at 800-626-8101 if you experience a problem with any endorsed program.

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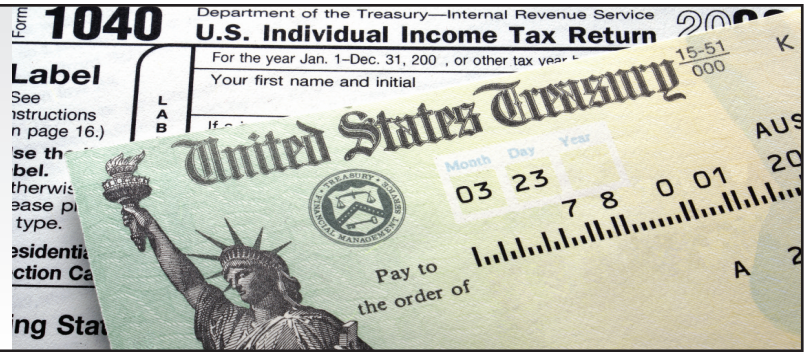
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Tax time is upon us!

By Christopher M. Petillo, CPA, JD, CELA



With the New Year upon us, people begin focusing their attention on preparing their taxes. Whether you prefer to prepare your taxes yourself or hire a professional to do it for you, it's important to meet the tax deadline of April 15.

But what happens to those people who don't pay their taxes on time... or at all? **The IRS distinguishes between two types of tax avoidance:** 1) filing your tax returns but not paying and 2) not filing at all. It is likely better to file and not pay than not to file at all. Failure to file can be a misdemeanor under federal law and may be a felony under certain state laws.

If you file and don't pay (assuming you don't have the money on hand and are not intentionally avoiding collection), you will simply receive a bill. When dealing with the IRS, do not procrastinate as your issues will not get easier with time.

By ignoring notices, you may also unwittingly waive some rights under the Internal Revenue Code and your defense may be jeopardized by your inaction.

For those people who file but subsequently fail to pay, the IRS may show leniency. If you make a voluntary disclosure of past non-compliance, you can avoid criminal prosecution.

In certain situations, **the IRS may even offer a waiver of penalties**, such as if it is your first offense and you have voluntarily filed the delinquent return; or if there exists a "reasonable cause" to explain the situation (although interest charges will still apply since you had use of the money until the tax was finally paid).

If you are guilty of several years of non-compliance or a large balance is owed, you may wish to seek counsel to assist you in how to approach the IRS and state taxing authorities, if applicable.

If you simply need to set up a monthly payment to pay off the amount owed, the IRS offers *Form 9465, Installment Agreement Request* (additional documents may need to be completed if the balance due is greater than \$50,000). **The IRS can allow you to make monthly payments** (over 72 months if necessary) to pay off your debt.

The IRS has significant powers to collect unpaid taxes on behalf of the U.S. Treasury. As the boxer Joe Louis once quipped, "You can run, but you can't hide."

If your liability stems from a former spouse who left you with a tax bill unbeknownst to you, there is also potential relief under the Innocent Spouse Relief program.

For example, let's say that Florence recently divorced her husband. She and her spouse filed joint tax returns, resulting in several joint tax liabilities for the tax bill owed.

Her ex-spouse was self-employed and underreported the earnings from his sole proprietorship. Florence is a wage earner, and taxes were withheld for her "portion" of the tax bill by her employer and paid each pay period, and were reported on her W-2. Therefore, the IRS may be willing to relieve Florence of the joint liability for her former spouse's portion of the tax due in certain circumstances.

Publication 971 relating to Innocent Spouse Relief is available on the IRS website at irs.gov. If you have any questions about this topic, please contact your Legal Service Plan provider's National Legal Office. ⚖️



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Important Changes

The Power of Attorney-- which used to be included in the Legal Service Packet -- will remain free to participants. However, spouses or domestic partners of Plan participants and individuals covered under the Elder Law Rider will pay an additional charge directly to the Plan provider Feldman, Kramer & Monaco P.C. for this service.

In regards to the Elder Law Rider, covered participants receive one Legal Security Packet (not to include the Power of Attorney); **the Power of Attorney document will be available for an additional charge of \$75** paid directly to Feldman, Kramer & Monaco P.C.

- **The Legal Security Packet without the Power of Attorney is available for \$50.**
- **The Legal Security Packet with the Power of Attorney is available for \$100.**

Additional Legal Security Packets may be purchased for covered participants; parents, parents-in-law, grandparents, and grandparents-in-law. 