



Winter, Kloman, Moter & Repp, S.C.  
CPAs SUPPORTING YOUR SUCCESS

# UPDATE

Volume 36 Number 3 December, 2011



**From all of us  
at WKMR,  
we wish you and  
your family  
a safe and joyous  
holiday season!**

**We look forward to  
serving you in the  
New Year.**



## **Important Changes to the Purchase of Savings Bonds**

### **What is changing?**

The U.S. Department of Treasury will end sales of paper Series EE and I savings bonds through over-the-counter channels (e.g. financial institutions and mail-in orders) at the end of this year. Savings bonds will remain available for purchase as electronic issues in Treasury-Direct.

### **Why is the Treasury ending sales of paper savings bonds?**

Ending sales of paper savings bonds is a continuation of the Treasury Department's all-electronic effort announced in April 2010. This initiative will increase electronic transactions to reduce costs and enhance customer service. Ending sales of paper bonds will save an estimated \$70 million over the next five years.



### **Does this change end all sales of paper bonds?**

When the Treasury Department stops selling savings bonds through over-the-counter channels, it will effectively end the paper savings bond program, with one exception. In 2010, a new Tax Time Bond Program was introduced making it possible for tax filers to purchase paper Series I savings bonds with their tax refunds. That purchase option will remain available.

### **What happens to the previously issued paper bonds?**

They are valid issues of the U.S. Treasury and will earn interest for 30 years from the date of issue or until redeemed. Paper bonds can be converted to electronic savings bonds in TreasuryDirect using a program called SmartExchange. There is no charge to convert paper bonds. They won't lose any of the interest earned, and they retain their original issue dates and interest rate terms.

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Contact us at: 235 N. Executive Drive, Suite 160 / Brookfield, WI 53005-6064 (262) 797-9050

1040 Oconomowoc Parkway / Oconomowoc, WI 53066-4621 (262) 567-6540

138 Hospital Drive, Suite 100 / Watertown, WI 53098-3723 (920) 261-6767

# UPDATE

Volume 36 Number 3 December, 2011

## Federal Unemployment Taxes (FUTA) Increase for 2011 and 2012

Barring legislative intervention, Wisconsin employers, along with employers in 19 other states and the Virgin Islands, will pay higher Federal Unemployment Taxes (FUTA) on Form 940 for wages paid in 2011.

Beginning July 1, 2011, the normal FUTA tax rate is 6 percent of the first \$7,000 of covered wages paid annually to each employee (The rate was 6.2 percent of wages paid January 1 through June 30, 2011). Normally, a 5.4 percent credit is granted to employers who also pay state unemployment taxes, making the effective FUTA tax rate 0.6 percent (.006) on wages paid after June 30, 2011 (0.8 percent prior to July 1, 2011).

In recent years, state unemployment insurance funds were depleted and many states, including Wisconsin, borrowed funds from the federal government to pay unemployment benefits. If a state does not repay these loans within two years, the normal credit available to employers in that state is reduced. When this "credit reduction" applies, the FUTA tax typically increases by 0.3 percent annually until the loans are repaid.

The Internal Revenue Service has issued the 2011 Form 940, identifying the states which are subject to the reduced FUTA tax credit for 2011. These states include Wisconsin, Arkansas, California, Connecticut, Florida, Georgia, Illinois, Indiana, Kentucky, Michigan, Minnesota, Missouri, Nevada, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, and Virginia, as well as the Virgin Islands. Form 940, Schedule A is used to calculate the reduced credit which then flows to page one of the Form 940. Further complicating Form 940 this year is the fact that the effective FUTA tax rate was reduced by 0.2 percent effective July 1, 2011, and is now 0.6 percent of covered wages paid, up to the taxable wage limit of \$7,000 for each employee. This requires separate lines on Form 940 to report both wages paid through June 30 and wages paid from July 1 through December 31, 2011.

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## IT CORNER - Don't Just Click It!

**By Roland Johnson**  
**IT Manager**

Every day computers are infected by viruses and malware and personal information is compromised. While in many cases this is not user error, in too many cases it is just that. What might seem as an innocent e-mail, web link, or pop-up might be much more harmful.

Many people "just click it" without consideration to what it is they are clicking. Often times the e-mail or URL will appear to come from a reputable source, such as a bank, software security company, government institution, or even an e-mail from someone you know. Frequently these are phishing URL's, pop-ups, or e-mails. They are intended to trick you into clicking on a link or an e-mail in an attempt to gain personal information, entice you to buy a product, or to infect your computer just for the excitement of it.



My rule of thumb is to never click on a banner ad, a pop-up, or a strange looking e-mail (even from someone you know), and never give your username, passwords, banking information, or other personal information to any unsolicited source. A reputable source will never ask for this information unsolicited.

To protect yourself, go directly to the advertised products website, use your built-in pop-up blocker. If a pop-up gets through, close it using the "X" in the top right hand corner of the dialogued box if possible. Be aware that even if you do click cancel or close malware, a virus can still be installed.

For strange and/or unsolicited e-mails, do not open them. If they are from someone you know, confirm with the

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**2011/2012 Tax Facts**

	2011	2012
<b>Social Security Wage Base</b>		
Maximum (OASDI) earnings limit	\$106,800	\$110,000
Tax rate (Employee portion)	4.20%	6.20%*
<b>Maximum IRA Contributions</b>		
IRA & Roth IRA Contribution – Under 50	\$5,000	\$5,000
Catch-up Contribution (over age 50)	\$1,000	\$1,000
<b>Maximum 401(k) Contributions</b>		
401(k) Employee Contribution	\$16,500	\$17,000
Catch-up Contribution (over age 50)	\$5,500	\$5,500
<b>Standard Deductions:</b>		
Joint or qualifying widow(er)	\$11,600	\$11,900
Single	\$5,800	\$5,950
Head-of-Household	\$8,500	\$8,700
Married, filing separately	\$5,800	\$5,950
<b>Personal Exemption Amount</b>	\$3,700	\$3,800
<b>Estate Tax Unified Credit Equivalent</b>	\$5,000,000	\$5,120,000
<b>Gift Tax Unified Credit Equivalent</b>	\$5,000,000	\$5,120,000
<b>Annual Gift Tax Exemption</b>	\$13,000	\$13,000
<b>Section 179 Depreciation Deduction</b>	\$500,000	\$ 139,000
<b>Business Standard Mileage Rate</b>	1/1/11 – 6/30/11 - 51¢ 7/1/11 – 12/31/11 - 55.5¢	55.5¢

\*Subject to possible reduction for 2012

# UPDATE

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## Hemophilia Federation of America

*Assisting and Advocating for the  
Bleeding Disorders Community*

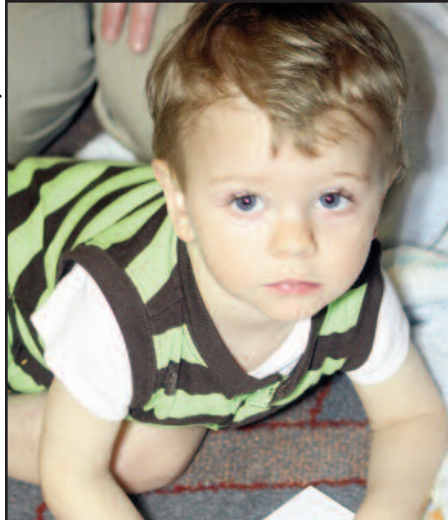
*Kimberly Haugstad  
Executive Director*

It takes a lot of passion and dedication to run an organization whose goal is to speak for others and to advocate on their behalf. Kimberly Haugstad is Executive Director of the Hemophilia Federation of America (HFA) and has been with the organization for about four years. She and her team are committed to carrying out the Mission of the HFA and spreading awareness about their cause throughout the United States.

The HFA is a not-for-profit organization headquartered in Washington D.C. and was incorporated in 1994. Kimberly and her staff of eight dedicate their work to fulfilling the vision of the organization, to assure that “the Bleeding Disorder Community has removed all barriers of treatment and quality of life.”

The HFA came about as an advocacy group for the bleeding disorder community during the passage of the Ricky Ray Hemophilia Relief Fund Act. The legislation was passed in 1998 after years of effort by the HFA and other organizations.

During the 1980s, over 10,000 hemophiliacs contracted the Human Immunodeficiency Virus (HIV) through the use of contaminated blood products. This was one of the worst medical disasters in U.S. history. In the early 1980's the Federal Drug



*Approximately 1 in 5,000  
males are born with  
hemophilia each year.*

Administration (FDA) and the Centers for Disease Control (CDC) had suspicions that something may be wrong with the nation's blood supply but they were not sure and nothing was done. By 1982 the CDC did come out and say there was a problem, and a year later, the FDA recalled and pharmaceutical companies stopped sending their blood products. Neither the federal government nor the pharmaceutical companies accepted full responsibility for this terrible tragedy.

The Ricky Ray Hemophilia Relief Fund Act was established to provide some restitution to people with hemophilia who were infected with HIV during the years of 1982-1987. The bill was named for a young boy from Florida who suffered from hemophilia and contracted HIV through the contaminated blood supply.

Through the efforts of HFA and many national advocates, the legislation was passed, providing individuals who contracted HIV through the contaminated blood supply a compassionate one-time payment of \$100,000. If the person who contracted the disease had since been deceased, the payment went to his/her parents, spouse or children.

Today HFA continues to grow and still works to act as a strong voice for the bleeding disorder community. The organization represents people with hemophilia, von Willebrand Disease and other rare bleeding disorders. “It's been so rewarding to be a part of an organization that focuses on the well-being of others,” says Haugstad. “We continue to look for ways to improve the quality of life for those

who suffer from these chronic disorders.” HFA works with 33 member organizations throughout the United States to achieve several goals:

- To develop and implement quality programs directly through its members

*Continued on page 5*



*Hemophilia Federation of America - Continued from page 4*

- To empower the hemophilia community to promote an equitable relationship with the medical profession, the pharmaceutical industry and health care providers
- To promote an environment of healthy awareness of bleeding disorders, related medical conditions and a safe blood supply
- To foster active collaboration with other organizations, that share similar goals and concerns
- To establish and promote ongoing ethical responsibility and the monitoring, evaluation and response to the actions of government, the medical profession, the pharmaceutical industry and health care providers
- To foster community dialogue, action, education and informational services to the hemophilia community and the public regarding bleeding disorders, related medical conditions and a safe blood supply

The HFA offers several programs and services directly related to achieving these goals. One of the major programs they run is called Helping Hands. The program directly supports the financial needs of people with bleed-

ing disorders and their families. The program assists those in need with food, rent or mortgage payments and electric and gas bills. Private donations, and fundraisers help fund the program.



But those are not the only expenses individuals with bleeding disorders and their families have to worry about. Because of the disabling effects of the disorder and the huge medical expenses associated with hemophilia, 30 – 40 percent of those who suffer from the disease utilize some type of federal assistance. “What most people don’t realize is that treatment for hemophilia and other blood disorders are some of the most expensive chronic diseases to treat. An average person with severe hemophilia utilizes roughly \$250,000 worth of therapy. It is a huge financial burden on individuals and families living with these disorders,” said Haugstad.

#### **How can you get involved?**

There are several ways to get involved in the HFA:

- **Become a member.** The HFA offers individual or family memberships as well as corporate or organizational memberships. Visit their website or call them directly for more information.
- **Volunteer.** Become actively involved with the HFA by becoming a board member, joining an advisory committee or taking part in one of their on-going projects. Because the HFA has over 30 member organizations throughout the United States, their volunteers play a very important role in supporting the bleeding disorder community and their families.
- **Advocate.** Join in the fight to raise awareness of bleeding disorders and be a voice in promoting public policies at both the state and federal level that improve the lives of those with bleeding disorders.

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**Hemophilia Federation  
of America**  
**210 7th Street SE, Suite 200B**  
**Washington D.C., 20003**

**800.230.9797**

**[www.hemophiliafed.org](http://www.hemophiliafed.org)**

# UPDATE

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*Changes to the Purchase of Savings Bonds - Continued from page 1*

## **What about people who have bought paper bonds to pay future college expenses?**

Paper savings bonds will no longer be available; however, the same education tax exclusion rules apply to electronic savings bonds in TreasuryDirect.

## **What about customers who like to give savings bonds as gifts?**

TreasuryDirect has a feature so customers can buy electronic savings bonds as gifts. The recipient of the gift must have a TreasuryDirect account (or be named on a minor linked account if under 18 years old) to receive the gift. Customers can hold bonds in their gift box area in TreasuryDirect until the bonds are electronically delivered.

## **What is TreasuryDirect?**

TreasuryDirect is a secure Web-based system that allows investors to establish accounts to purchase, hold and manage Treasury securities online. Investors can purchase Series EE and I savings bonds, Treasury bills, notes, bonds and TIPS (Treasury Inflation-Protected Securities) through TreasuryDirect. Visit [www.treasurydirect.gov](http://www.treasurydirect.gov) for more information.

*Federal Unemployment Taxes Increase - Continued from page 2*

The FUTA tax rate is scheduled to remain at 0.6 percent of covered wages for 2012. Nevertheless, Wisconsin employers, as well as employers in other credit reduction states, should plan on increased FUTA taxes in 2012. As previously stated, unless a state pays off the federal loan or takes other actions specified by federal law, their effective FUTA tax rate will increase annually by 0.3 percent. Wisconsin has also notified employers to expect an annual special assessment through 2014 to pay interest on the outstanding federal loan. The next special assessment will be billed to Wisconsin employers in August, 2012.

Please contact us if you have questions or if you need assistance with the preparation of your 2011 Form 940.

*Don't Just Click It - Continued from page 2*

person that they sent it. Never click on an e-mail unsubscribe link from a company or organization that you do not know. In most cases this is just a Spam Trap that confirms your e-mail address is valid and monitored and you will end up receiving more spam from them and other sources. It is extraordinarily important in the digital world that we live in today that you are aware of what you click. "Don't Just Click It," be skeptical first.

## **Glossary of IT Terms:**

**Banner Ad:** (n.) typically rectangular advertisement placed on a website either above, below or on the sides of the website's main content and is linked to the advertiser's own website.



**Dialogue Box:** (n.) A box that appears on a display screen to present information or request input. Typically, dialog boxes are temporary - they disappear once you have entered the requested information.

**Malware:** (n.) Short for malicious software, software designed specifically to damage or disrupt a system.

**Phishing:** (v.) The act of sending an e-mail to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

**Pop up:** (n.) A type of window that appears on top of (over) the browser window of a website that a user has visited.

**Spam Trap:** (n.) An option in an e-mail that appears to be a legitimate unsubscribe option. When the e-mail recipient clicks the link and unsubscribe, they are actually validating their e-mail address to the spammer for future use.

**URL:** (n.) Abbreviation of Uniform Resource Locator (URL) it is the global address of documents and other resources on the World Wide Web.

*Glossary Source: [www.Webopedia.com](http://www.Webopedia.com)*



*Hemophilia Federation of America - Continued from page 5*

Winter, Kloman, Moter and Repp, S.C. has worked with Kimberly and the HFA for the past four years. "It's been a great experience to serve an organization that focuses on such a wonderful cause," says Paul Sehmer, shareholder at WKMR. "We are proud to be a strategic partner to the HFA and look forward to our continued relationship."

**What is Hemophilia?**

Hemophilia is a bleeding disorder, where by a person's blood does not clot normally. The disease, while rare, is usually inherited, meaning it passes from parents to children through their genes. People born with the disease have little or no protein which is needed for the blood to clot normally. These proteins are called clotting factors and work with platelets to help the blood clot. The proteins missing in hemophilia are especially important for the prevention of bleeding within deep tissues, so bleeding is common in joints and within muscles.

The disease can be mild, moderate or severe and usually occurs in males. Approximately 1 in 5,000 males are born with hemophilia each year. The disease is uncommon in females.

**What is von Willebrand Disease**

Von Willebrand Disease (vWD) is the most common of inherited bleeding disorders and affects 1 in 500 people. The disease, like hemophilia affects your blood's ability to clot through the absence or low levels of protein in the blood. The missing protein is called von Willebrand factor named for the Finnish physician who first discovered the disease.

This protein is especially important for the prevention of bleeding from skin and mucous membrane such as the lining of the nose, mouth and intestines, so bleeding is common at these sites. Unlike hemophilia, vWD can affect both males and females equally.



**A young boy being infused as treatment for hemophilia.**

**WKMR News**

**Upcoming Event  
Not-For-Profit Seminar**

**Tuesday, January 17, 2012**  
**4:00 - Registration**  
**4:30 - 5:30 - Presentation**  
**Reception to follow**



**Top 10 Tips for Reviewing Non-Profit  
Financial Statements**

Presented by: Matthew Los, CPA - WKMR

**Unrelated Business Income and Wisconsin Regulations  
that affect Non-Profit Organizations**

Presented by: Ann Rieger, Shareholder - Davis/Kuelthau

Country Inn & Suites  
1250 S. Moorland Road, Brookfield

*There is no charge for this event.  
Please RSVP to Michelle Meier at  
MichelleM@wkmr.com, or call 262.797.9050  
by Tuesday, January 10, 2012.*



**Congratulations!**

Congratulations to Ashley Childers. Ashley has been with the firm for three years and recently passed her CPA exam.

**Welcome Karen Dominiak**

WKMR would like to welcome Karen Dominiak to our staff. Karen is the new receptionist in the Brookfield Office.

**In the Next Issue of Update**

Stay tuned for part two of "Getting Yourself Organized and Gaining Peace of Mind."



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The goal of UPDATE is to provide our clients with timely financial and tax information. Since space limitations require generalizations, Winter, Kloman, Moter & Repp, S.C. encourages you to obtain specific personal advice before implementing any ideas presented in this publication.

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