WOLTER & RAAK LTD

Fall 2009

Finding the positive in trying times

"At Wolter & Raak, we take pride in maintaining ongoing efforts to enhance our internal culture and positively impact our customer relationships."

Arthur J. Raak
CPA/PFS, CFP

Dear Friends,

We hope this finds you well and that you are enjoying a glorious fall. Possibly, you are already looking ahead to a new year. We heard the same gloom and doom this year that you may have heard — the sour economy that might include loss of savings, loss of jobs and even loss of homes and businesses.

On the bright side, tough times encourage a deeper dig to tighten belts, tidy loose ends, make improvements and focus on quality. At Wolter & Raak, we take pride in maintaining ongoing efforts to enhance our internal culture and positively impact our customer relationships.

In order to be "Part of your business, Part of your life," we need to operate as one unified organization and not three separate offices. To help achieve a one firm concept, we engage each office and its members in several inter-office meetings throughout the year, encouraging employees to take the floor to discuss their thoughts and feelings. In these meetings, we discuss our mission statement, core values and strategic objectives. Members of the management team facilitate the small group discussions, but don't direct the conversation. It is refreshing to gather constructive feedback in a relaxed atmosphere. It is also important that we listen to and incorporate what we can into our culture and daily routine.

Our five-person management team: John Wolter, Art Raak, Corwin Osterloh, Deb McClellan and Kelly Boice also trained to enhance leadership and mentoring skills. At a recent retreat, facilitated by Rex Gatto, the focus was on firm direction and leadership. We learned how to better communicate with one another, while creating a culture where all action and communication are not "me" based. Through post-retreat brainstorming sessions, we decided we would operate as a team with common goals based on high level trust and integrity.

At our June annual meeting, we explored generational training and uncovered ways to communicate and work effectively with the many different age groups and life stages that reside within our walls. There is so much to learn from one another!

We will continue to place value on improving ourselves to serve our clients in the best ways possible. We truly believe that what happens inside is reflected on the outside, in our work and in our relationships and it all counts.

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Last Chance Opportunities for Tax Savings

Tax breaks that expire in 2009

Congress increasingly enacts tax provisions on a temporary basis. Sometimes they are extended, sometimes they become a permanent part of the code and other times they are one-shot deals, such as the recovery rebate.

In any case, with all of these comings and goings, it's difficult for tax professionals–much less their clients–to keep track of precisely how long a given tax break is scheduled to last. Below you will find some of the provisions that are due to expire in 2009. The list below just scratches the surface. We advise you to reference the complete list on our Web site, www.wolterandraak.com or call us for assistance.

Income:

1. Up to $2,400 of unemployment compensation benefits are excluded from gross income by the recipient. However, the exclusion is not available for benefits received in tax years beginning after 2009.

Personal deductions:

2. Clients can claim a deduction (itemized or standard deduction) for sales or excise taxes paid on the purchase of a new vehicle. The deduction, which is phased out at higher income levels, does not apply to purchases after December 31, 2009.

3. Clients who claim the standard deduction can take an additional deduction for state and local property taxes, up to a maximum of $500 ($1,000 for joint return filers). The deduction is not available for tax years beginning after 2009.

4. Above-the-line deductions are available for "qualified tuition and related expenses" paid for the enrollment or attendance of the client, the client's spouse, or a dependent at an eligible institution of higher education. The deduction cannot exceed $4,000 (phased out at higher income levels) and applies only to tax years beginning before January 1, 2010.

Business deductions:

5. The maximum first-year depreciation deduction for passenger automobiles used for business purposes is increased by $8,000 for automobiles placed in service before 2010.

6. Certain qualifying machinery and equipment used in a farming business may be written off over a five-year cost recovery period. The original use of the property must begin with the taxpayer and the property must be placed in service before January 1, 2010.

7. Clients who have not owned homes during the previous three years can claim a first-time home buyer credit of up to $8,000 (phased out at higher income levels) for the purchase of a principal residence. The credit can be claimed only for homes purchased before December 1, 2009.

8. Eligible contractors may claim a 20 percent income tax credit for qualifying differential pay paid to employees on active military duty. The credit expires for payments made after December 31, 2009.

Retirement plans:

9. The requirement that an IRA owner age 70-1/2 or over must receive a minimum distribution annually is suspended for 2009, but is reinstated in 2010.

10. Clients who are covered by employer-sponsored health plans and are laid off before January 1, 2010 can qualify for subsidized plan continuation (COBRA) coverage for up to nine months. Employers can claim a credit against employment taxes for the subsidies provided to employees.

Supporting our communities!

Power of the Purse 2009

Wolter & Raak representatives once again filled a table at the fourth annual Power of the Purse Luncheon and Silent Auction. The event was organized through the Women's Leadership Council of the United Way, with proceeds benefitting the Dolly Parton Imagination Library. This program has communities nationwide eligible to participate. Locally, it allows children ages 0-5 living in Olmsted County to register to receive one free book per month, for a year.

Associates enjoyed the luncheon and program while bidding for unique purses. Liz Wittrock donated two Kate Spade purses and several others designed for young girls. "I just think that it is a good cause and a fun event," Wittrock said.

The Great River Shakespeare Festival

Winona is proud to sponsor The Great River Shakespeare Festival, a series of Shakespearean productions held annually at Winona State University. Twelve Wolter & Raak representatives were honored to assist as corporate ushers for one evening during the production of "Love's Labour's Lost."

Cruising for a Cause: Ronald McDonald House of Rochester

In July, Wolter & Raak sponsored the Cruise Motorcycle Benefit Ride to benefit the Ronald McDonald House of Rochester. Nina Clark and Lance Campbell helped collect payments at the RCTC Sports Center for the Silent and Live Auction for the 9th Annual Cruise Motorcycle Benefit. Over 1,200 riders participated in the 100-mile ride through southern Minnesota. The Cruise raised nearly $124,000 and proceeds went to the Ronald McDonald House, a comfortable place where children can stay with their families when seeking medical treatment.

ON THE LEDGER

Luke McCabe

Accountant

What inspired you to get into accounting?

I liked working with numbers as a kid. I took some accounting classes in high school and liked those, too.

My first day at Wolter & Raak:

I was taken to lunch by the whole office and was told I would work in Winona until the St. Charles office construction project was finished.

The thing I like most about my job is:

The flexibility after tax season.

What some people don't know about me is:

I rent 260 acres where I grow corn, beans and hay. I help my dad on the farm as much as I can.

My nickname is:

Clarence–he was a neighbor to my parents–he was really conservative with his money and my dad said I reminded him of Clarence.

The best meal I ever had was at:

Hubbell House for a work Christmas party.

If I had one thing to do over in my life, it would be:

Relive my high school days. I don't think I realized how fun it was to be a kid with no responsibilities.