

- P1** SOCIAL SECURITY CHANGES
- P2** CLIENT SUCCESS STORY
- P3** SIR WILLIAM BLACKSTONE LIBRARY
- P3** MICHIGAN'S "AMAZON LAW"

Commentator

Vol. 28, Issue 1



It never gets old – spending time with the grandchildren. I want to stop the clock to keep them just as they are now and, at the same time, fast forward to see what lies ahead for them. Their world will be different. First, there is the internet. (That's right, we don't even capitalize the "i" anymore because that would be old school.) It is hard to even imagine how the internet will evolve for future generations and change the way of life as we know it. Please read the article by Gloria Chon and Christopher Martella about one area that will continue to change right alongside increasing use of the internet: internet taxes.

The Social Security system is another area that will not be the same in the future. If you are interested in knowing how to plan for this changing system, I encourage you to read the article by Brian Jenney and reach out to him for counsel.

Around here, we are not afraid of change, but we are also glad for certain things that never change or get old. Spending time with family tops the list, but there are others. Like helping our clients succeed in their endeavors. Please read ahead for a spotlight on one of many recent client success stories. Another thing that doesn't get old for us: giving back. The Kemp Klein Foundation continues to remain active. I also invite you to read about Alan and Elizabeth May's recent donation of legal treatises to Pembroke College in Oxford, England. This collection includes some first edition commentaries by Sir William Blackstone, one of the most well-known legal scholars of all time. The historical value of these books are immeasurable and the library is invaluable. Yes, quite often, older is better.

Best Wishes,

A handwritten signature in cursive script, reading "Robert A. Castelli, Jr.".

Social Security Changes

BRIAN R. JENNEY



The recently enacted Federal budget made some significant changes to Social Security, and these changes will limit individuals from making use of a few "planning opportunities" that used to exist.

File and Suspend

"File and Suspend" has been a strategy that allowed many couples to significantly increase the amount of funds paid out by Social Security

over their lifetimes. It worked by allowing one person, usually the one with the higher, or perhaps the only, earnings record to first "file" for Social Security benefits on his or her 66th birthday, and then to immediately "suspend" the request to start his or her monthly payments. This worker, if he or she waits until age 70 to start receiving monthly benefits, will get a 32% larger check at that time, to make up for not collecting anything from Social Security for the prior four years. However, in the interim, this worker's spouse would file for benefits under the worker's "suspended" record, and

the spouse would receive one-half the amount the worker would have received had monthly checks actually begun. Further, when the first spouse passes away, the second spouse would have her or his monthly check increased to the enhanced amount. With individuals living longer than ever, the likelihood was that couples who used the "file and suspend" technique would receive significantly more back from Social Security than would normally be paid out based on the amount contributed. Therefore, this option is no longer available,

(continued on page 2)

(continued from page 1)

except for couples who both turn 66 no later than May 1, 2016.

Restricted Application

Another strategy for maximizing Social Security benefits, filing a “restricted application,” will also be going away for two earner couples. As background, a person may be eligible for Social Security benefits on his or her own work record, or may be eligible for benefits because she or he is the spouse of a worker. Spousal benefits are one-half the amount to which the worker is entitled, and a worker’s own benefits are based upon the amount of money he or she earned subject to FICA tax, and the number of years of earnings. Both spousal and worker benefits are subject to a percentage reduction if taken by those between 62 and 66 years of age. In the past, Social Security allowed a younger spouse/earner to take either the amount this spouse was entitled to under her or his own work record, or take the amount she or he was entitled to under the other spouse’s record, irrespective of which amount was higher. The person could later change the election upon reaching “full retirement age” (see chart on right). This avoided the permanent penalty, while still receiving something each month. Further, the

individual could delay filing under her or his own record until age 70 as well, and then get the enhanced amount as well, all the time still receiving something as a “spouse. Again, with individuals living longer, this created the likelihood of couples receiving significantly more back from Social Security than would normally be paid based on the amount contributed. Social Security modified this original rule a few years ago, only allowing this option to spouses who waited until full retirement age to apply for any type of benefit. Social Security has now been directed to again change this rule, so no one will be able to choose between spousal and work benefits. However, there is a longer “lead-in” time for this rule. As long as both spouses are at least 62 as of the end of this year, then the younger spouse will still be able to use this approach when she or he turns 66.

The survivor benefit has not changed. The surviving spouse is eligible for 100% of the deceased spouse’s benefit and the surviving spouse may claim the survivor benefit while letting his or her own benefit accrue until age 70. Logically, this choice will also be taken away at some point.

Individuals should review their options thoroughly in order to maximize their Social Security benefits.

Age to Receive Full Social Security Benefits

Year of Birth	Full Retirement Age
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943--1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

248.528.1111
brian.jenney@kkue.com

Client Success Story

Zawideh Wipes Out Almost \$100,000 In Debt

Robert Zawideh’s client retained him almost two months after a court entered a default judgment against her in the amount of \$98,828.78. To make matters worse, the client went to court on her own behalf and tried- unsuccessfully- to have that judgment set aside. After reviewing the file, Mr. Zawideh found evidence that the Plaintiff only ever attempted to serve the client at her former residence, which tended to support her claims that she never received service of the Summons and Complaint. Based on his conclusions, Mr. Zawideh notified Plaintiff’s counsel that not only would he file suit to set aside the default judgment, but he would also sue Plaintiff and Plaintiff’s attorney for violating the Federal Fair Debt Collection Practices Act. Rather than litigate, Plaintiff agreed to accept \$5,000.00 in full settlement of it’s claims, a reduction of almost \$94,000.00.

May & May Donate Sir William Blackstone Library

In October, Alan and Elizabeth May were honored at Pembroke College, Oxford during the presentation of their Sir William Blackstone Library. Sir William Blackstone was a student at Pembroke and later became its Master. Thereafter, he was the first scholar and jurist to codify the law in a topical form. Blackstone's works became the basis for British and American students of the law learning their profession until well into the 19th Century.

"I tried to donate the library to my alma mater the University of Michigan Law School. Larry Deitch was kind enough to introduce me to a librarian." From there, it went downhill. "I was presented with obstacles rather than appreciation."

Mr. May voiced his frustration to Don Gillis, who did his Fulbright at Pembroke Oxford, who said, "Why don't you return the books home?" Don directed Mr. May to the officers of Pembroke's United States Foundation and through the good work of the Foundation and Don, the books are now ensconced in Pembroke Oxford's rare book room in a wonderful segregated space where scholars, historians and students alike can visit the genesis of Anglo American Jurisprudence.



ALAN A. MAY



The Works include many first editions including Blackstone's commentaries of the law, letters from the jurist and his own volume of the Magna Carta.

"We are pleased at the honor bestowed and the kind hospitality offered and provided by Dame Lynne Brindley, faculty librarian and development officers."

Sir William has come home.

Michigan's "Main Street Fairness Act" (a/k/a "Amazon Law")

GLORIA M. CHON
CHRISTOPHER R. MARTELLA



'Twas the night before October 1st, 2015 and all through the State, local retailers and tax officials were all snug in their beds, anxiously awaiting that special October date. For when they awoke the very next day; there would be a new way to collect the sales tax we pay. On that fateful day in October those of us who regularly shop on websites like Amazon, Wayfair, or

Overstock noticed something new had snuck into our carts ... Michigan's 6% sales tax! The Michigan Main Street Fairness Act (the "Act"), State Bills 658 and 659, came into effect on October 1, 2015 in an effort to level the playing field between local business and remote sellers of goods, along with raising approximately \$50 Million in additional sales and use tax revenue. The Act did two very fundamental things: i) changed the definition of a "remote seller" and ii) shifted the responsibility of remitting sales tax.

Prior to the Act, a retailer would only have to charge sales tax if they had a physical presence within the state. Companies like Amazon or Buy.com that shipped goods to Michigan

residents from warehouses outside Michigan were considered remote sellers and relied on the purchaser to submit the sales tax. However, Michigan legislators decided not to rely on this self-reporting method any longer. In order to simplify and ensure the collection of sales tax on purchases made through internet retailers, the Act shifted the responsibility to online retailers to collect and remit sales tax. This is expected to impact businesses that, among other things: i) maintains a warehouse within Michigan, ii) delivers, installs, assembles or performs maintenance and repair services within Michigan or iii) conducts any other activities

(continued on page 4)

Seminars

Stuart Sinai presents for the Business Law section of the State Bar Association

On October 6th Stuart Sinai spoke to the Regulation of Securities Committee of the Business Law section of the State Bar Association about recent Supreme Court action concerning Insider Trading and securities law violations.

William B. Acker to speak for the State Bar of Michigan's Real Property Law Section

William B. Acker will discuss Federal Income Tax Planning for a Build to Suit Lease on Friday, March 4th at 8:00am as part of the State Bar of Michigan Real Property Law Section's 2016 Winter Conference. The conference will be held March 3-5 at The Westin Kierland Resort & Spa in Scottsdale, AZ. To register, go online to <http://connect.michbar.org/realproperty/events/winterconf>.

(continued from page 3)

within Michigan that are significantly associated with the remote seller's ability to establish and maintain a market in Michigan. No longer are internet businesses that simply ship goods to Michiganians without a physical presence in the State exempt from collecting sales tax.

Taxing online activities is a growing area of the law. With the rise of Airbnb, HomeAway, VRBO, Uber and the "sharing economy," the way we buy and sell goods and services is changing. As we increase our use of the internet, we can expect local, state and federal taxing authorities to

constantly revise how and what types of transactions they tax.

248.528.1111
gloria.chon@kkue.com
chris.martella@kkue.com