



# Kinderhook State Bank



“Serving our community Since 1919”  
www.kinderhookbank.com  
Email: staff@kinderhookbank.com  
217-432-8309

## Newsletter



April 2006

### 2006 Legal

#### Holidays Observed

May 29th - Memorial Day

July 4th - Independence Day

September 4th - Labor Day

October 9th - Columbus Day

November 11th - Veterans Day

November 23rd - Thanksgiving

December 25th - Christmas

\*\*\*\*\*



\*\*\*\*\*

~Motivation~  
You are the only  
person on this earth  
who can use  
your ability.

\*\*\*\*\*



## Happy Easter!!



### Arbor Day

On January 4, 1872, J. Sterling Morton first proposed a tree-planting holiday to be called “Arbor Day” at a meeting of the State Board of Agriculture. The date was originally set for April 10, 1872. Prizes were offered to counties and individuals for planting properly the largest number of trees on that day. It was estimated that more than one million trees were planted in Nebraska on the first Arbor Day.

#### ~Facts~

- In 50 years one tree recycles more than \$37,000 worth of water, provides \$31,000 worth of erosion control, \$62,000 worth of air pollution control, and produces \$37,000 worth of oxygen.
- Two mature trees provide enough oxygen for a family of four.
- Trees are good noise barriers, making a city and neighborhood quieter.

#### Did you know??



#### ~April~

**1st** - U.S Air Force Academy was established in 1954.

**4th** - City of Los Angeles incorporated in 1850.

**5th** - Actor Spencer Tracy was born in 1900.

**6th** - King Charles II signed Carolina Charter in 1663.

**7th** - Rwanda civil war erupted in 1994.

**8th** - League of Nations met for the last time in 1946.

**9th** - Hugh Hefner, Playboy magazine founder was born in 1926.

**12th** - Harry Truman was sworn into office in 1945.

**13th** - Sherman’s march through Georgia ended in 1865.

**14th** - Titanic struck an iceberg in 1912 and Columbia landed at Edwards Air Force Base in 1981.

**16th** - Apollo 16 blasted off on moon mission in 1972.

**18th** - The great San Francisco earthquake and fire started in 1906.

**19th** - The Battle of Lexington/Concord started 1775.

**21st** - “Red Baron” was shot down in 1918.

**22nd** - Rough Riders organized in 1898.

**25th** - Patent granted for the thimble in 1684.

**26th** - Independent Order of Odd Fellows organized in 1819.

**28th** - Mutiny on the Bounty in 1789.

#### What to plant in April!

From 1st - 15th

- Cantaloupe
- Sweet Corn
- Cucumbers
- Eggplant
- Pumpkins
- Radishes
- Tomato Plants
- Watermelon

From 1st - 30th

- Lima Beans
- Snap Beans
- Beets
- Chard
- Okra
- Black-eye Peas
- Pepper Plants
- New Zealand Spinach
- Summer Squash
- Sweet Potatoes



## Delay Paying Taxes

Sitting on a piece of investment property that you would like to sell? By structuring the transaction as a tax-deferred exchange, you can delay paying taxes on the full amount of the gain realized.

Also known as a “like-kind exchange” or a “1031 exchange,” these transactions are only available for investment or business assets. Certain types of assets don’t qualify for a tax-deferred exchange, including inventory, accounts receivable, stocks and bonds, and your personal residence.

Keep in mind that the like-kind exchange rules only defer the tax. Any gain will be recognized upon a taxable disposition of the replacement property.

Specific steps must be followed steps must be followed for a deferred exchange to be successful. Start by finding a qualified intermediary, such as an escrow agent or a title company, to facilitate this transaction.

You then have 45 days from the date you relinquish your property to the qualified intermediary to name as many as three possible replacement properties. You must take title to the replacement property within 180 days. The rules state that you must replace real property with real property and personal property with personal property. Replacing an apartment building with commercial space, a strip mall, or even undeveloped land all qualify.

While deferred exchanges can save you a significant amount of taxes, following the specific rules can be tricky.



### Chocolate Rabbit

I got a chocolate rabbit  
For an Easter treat,  
A great big chocolate rabbit,  
Good enough to eat.  
So I ate his ears on Sunday,  
his nose I finished Monday,  
Tuesday I nibbled on his feet.  
I ate his tail on Wednesday,  
Thursday I kept on,  
By Friday he was going,  
Saturday he was gone.  
Oh, I loved that chocolate rabbit,  
From the moment that he came,  
And if I get another one,  
I'll love him just the same.

## What’s New In 2006

Here’s a quick review of some of the tax changes you’ll see from 2005 to 2006 as a result of inflation adjustments and tax law changes.

Provision	2005	2006
Business equipment expensing deduction	\$105,000	\$108,000
Total purchase limit for full expensing deduction	\$420,000	\$430,000
Standard mileage rate for business driving	40.5¢ a mile (1/1-8/31) 48.5¢ a mile (9/1-12/31)	44.5¢ a mile
Mileage rate for medical and moving expense deductions	15¢ a mile (1/1-8/31) 22¢ a mile (9/1-12/31)	18¢ a mile
Adoption Credit	\$10,630	\$10,960
Maximum wages subject to social security tax	\$90,000	\$94,200
Social security earnings limit		
• Under age 65	\$12,000	\$12,480
• 65 and over	No limit	No limit
Top estate tax rate	47%	46%
Amount exempt from estate tax	\$1.5 million	\$2 million
Annual gift tax exclusion (per donee)	\$11,000	\$12,000
Maximum retirement plan contributions		
• IRA for those under age 50	\$4,000	\$4,000
• IRA for those 50 and over	\$4,500	\$5,000
• SIMPLE plan for those under age 50	\$10,000	\$10,000
• SIMPLE plan for those 50 and over	\$12,000	\$12,500
• 401 (k) plan for those under age 50	\$14,000	\$15,000
• 401 (k) plan for those 50 and over	\$18,000	\$20,000
“Kiddie tax” threshold	\$1,600	\$1,700
“Nanny tax” threshold	\$1,400	\$1,500
Personal exemption	\$3,200	\$3,300
Standard deduction		
• Single	\$5,000	\$5,150
• Joint returns & surviving spouses	\$10,000	\$10,300
• Married filing separately	\$5,000	\$5,150
• Head of household	\$7,300	\$7,550
• Additional for elderly or blind (married)	\$1,000	\$1,000
• Additional for elderly or blind (single)	\$1,250	\$1,250



**Best Fishing Days:** 5th to 7th, 10th, 11th, 14th to 16th, 21st to 24th

