



EAGLE NEWS

The official Newsletter of The Retired Enlisted Association (TREA) Central Minnesota Chapter 115
May thru July 2008

MINNESOTA INCOME TAX CREDIT FOR PAST MILITARY SERVICE

What is the new income tax credit for past military service?

The 2008 omnibus tax bill (Laws 2008, ch. 366) provides for a new income tax credit for past military service. The credit equals \$750 for qualifying individuals. It is nonrefundable and is subject to an income limitation. The credit takes effect beginning in tax year 2009 and will first be claimed on tax year 2009 returns filed in 2010.

Who qualifies for the new credit for past military service?

To qualify for the new credit, a veteran must:

- have served in the military (including the National Guard and reserves) for at least 20 years; or
- have a service-connected disability rated by the U.S. Department of Veterans Affairs as being 100 percent total and permanent. Individuals currently serving in the military do not qualify for the credit.

What is a nonrefundable credit?

A nonrefundable credit may be used only to offset Minnesota income tax liability. A veteran must have at least \$750 of income tax liability to receive the full credit amount. A qualified veteran with less than \$750 of state income tax liability would be eligible for an amount of credit equal to the amount of liability. A qualified veteran with no state income tax liability would not receive a credit. In tax year 2009, when the credit takes effect, a single veteran with no dependents who claims the standard deduction would need to have \$23,270 of federal adjusted gross income to receive the full \$750 credit.

How does a nonrefundable credit compare with an income tax subtraction?

A nonrefundable credit has an effect on final liability similar to that of an income tax subtraction. A credit is a dollar-for-dollar reduction in tax liability, while a subtraction reduces taxable income, which results in lower tax liability. The

benefit from a subtraction depends upon the taxpayer's tax bracket or rate. Because of the income limits, veterans who qualify for the credit will be in the bottom or lowest tax bracket with a rate of 5.35 percent. The \$750 nonrefundable military service credit is equivalent to a \$14,020 income tax subtraction (\$14,020 times 5.35 percent, the state income tax rate for the first bracket of taxable income, equals \$750). Only individuals with tax liability will benefit from either a nonrefundable credit or a subtraction, and the amount of the benefit is limited to their tax liability.

How is the military service credit income-limited?

The military service credit is phased out for individuals with federal adjusted gross income (FAGI) of \$30,000 or more. The credit is reduced by 10 percent of FAGI in excess of \$30,000, so that individuals with FAGI over \$37,500 are not eligible for a credit. The Research Department of the Minnesota House of Representatives is a nonpartisan office providing legislative, legal, and information services to the entire House. House Research Department, 600 State Office Building, St. Paul, MN 55155, 651-296-6753 www.house.mn/hrd/hrd.htm FAGI is calculated on the federal tax forms (lines 37 on Form 1040, line 21 on Form 1040A, and line 4 on Form 1040EZ for tax year 2007). It includes most kinds of income, such as:

- wages, salaries, and tips;
- taxable interest;
- dividends and capital gains or losses;
- business income or loss, including income from partnerships and S corporations;
- taxable IRA, pension, and annuity distributions;
- farm income or loss;
- unemployment compensation; and
- taxable Social Security benefits (the amount of Social Security benefits that are taxable depends on the individual's

income level; at most, 85 percent of benefits are included in federal adjusted gross income).

Some of the major items excluded from FAGI are:

- deductible retirement plan contributions;
- nontaxable employee fringe benefits;
- student loan interest payments;
- one-half of self-employment tax; &
- health insurance premiums (for self-employed taxpayers only).

What are some examples of individuals who will and will not receive the new military service credit?

Qualifying veterans with less than \$30,000 in taxable military retirement income, and no other income other than Social Security, would qualify for up to the maximum \$750 credit. The actual credit received would depend on the individual's tax liability. Since Social Security benefits are not included in FAGI for low-income filers, receipt of Social Security will not subject an individual to the income-based phaseout. Qualifying veterans employed in second careers and with FAGI over \$37,500 will not receive the credit due to the income phaseout. Those employed in second careers will be eligible for a full or partial credit if their federal adjusted gross income is less than \$37,500. Qualifying veterans who are 100 percent totally and permanently disabled might or might not receive the credit depending on the amount of the veteran's taxable income (military disability pay itself is nontaxable). With no taxable income or with more than \$37,500 of adjusted gross income, such disabled veterans would receive no credit. Conversely, with any amount of taxable income greater than zero and less than \$37,500, the disabled veteran would receive a full or partial credit.

For more information: Contact legislative analyst Nina Manzi at 651-296-5204 or Jim Cleary at 651-296-5053.

PLAN ON ATTENDING THE CAMP RIPLEY ARMED FORCED RETIREE APPRECIATION DAY AUGUST 23, 2008

TREA CHAPTER 115 CENTRAL MINNESOTA MINUTES OF 10 MAY 2008

Chapter President, Ralph Donais, brought the meeting to order at 1100 hours at the VFW Memorial Complex, 7350 Quaday Ave. NE, Otsego, MN. The Pledge of Allegiance was given. A quorum was present.

The minutes of the chapter meeting of 9 February were reviewed. A **motion** was made and **seconded** to approve the minutes as published in the February, March, April 2008 chapter newsletter. **Motion carried.**

The Treasurer's Report was reviewed and there was no discrepancies and was to be filed with the Chapter minutes. President Donais started a discussion about legislative issues. The discussion was about the relief of state property tax for those disabled veterans 70% and above and those 100% and permanent, and about the state military retiree income tax reduction. It was noted that the income tax reduction was not what was desired, but at least it is a start.

The membership report was given. The chapter currently has 284 members. Ralph Donais and David Hammer received recruiting pins from TREA NHQ. Presentation was made to Ralph.



There was no Chaplain's or Metrovets report.

There was a discussion about the TRICARE Explanation of Benefits (EOB) now available on-line.

The President's report consisted of a discussion about the Junior ROTC awards and the need for presenters.

Unfinished Business:

There was a discussion about the Chapter's internet site.

There was a short discussion about the Military Action Group (MAG) that meets in the State Office Building many Monday mornings during the legislative session. As noted before, President Donais and Rick Erickson regularly attend these meetings.

There was a discussion about the Chapter newsletter and President Donais thanked Dennis Rock for his contribution of publishing it. The next newsletter will go out in July 2008.

There was a discussion about the AFRAD at Camp Ripley on 23 August 2008. President Donais said that he would get started on the brochure. It was mentioned that there is a possibility of having only one session this year. There was a discussion about having political leaders as speakers at the AFRAD. A **motion** was made and **seconded** that we allow political leaders to speak about veteran's issues at the AFRAD. **Motion carried.**

President Donais led a discussion about the latest fund raiser at Cub Foods in Elk River, MN. The chapter received \$228.00 from the effort. President Donais mentioned that there was a possibility of having another fund raiser at Cub in Rogers, MN, but it was felt that we would not be able to have enough volunteers and therefore, we probably would not have one.

President Donais started a discussion about having satellite meetings to attract more members. He mentioned that these meetings could go as far as southern Minnesota.

President Donais led a discussion about the Chapter becoming a member of the

Commander's Task Force (CTF). Our problem in joining is that we must have a "State Commander" that would be elected by all of the TREA members in the state. President Donais is requesting input on this issue from all of the TREA members as this "State Commander" would also represent the Hibbing, MN chapter.

New Business

There was a discussion about the schedule for presenting the Junior ROTC awards. It was noted that next year the chapter president would also sign the award. A **motion** was made and **seconded** that the chapter plan on having another Cub fund raiser next year. **Motion carried.**

There was a discussion about providing food for the TREA volunteers at the AFRAD. This would be provided during the chapter meeting that is scheduled immediately after the close of the AFRAD. We would need an RSVP from individuals that are planning to attend so that the proper amount of food could be ordered. There was a **motion** made and **seconded** to furnish food to the volunteers that attend the chapter meeting that is scheduled immediately after the close of the AFRAD. **Motion carried.** It was noted

that President Donais and Rick Erickson would be attending the RAD in Rosemount on the day preceding the AFRAD in Camp Ripley. President Donais would be representing TREA and Rick would be working with the audio/visual during the RAD.

There was a discussion about getting items from individuals for the internet site. There needs to be more than one individual contributing the information. There was a discussion about the TREA national convention in 2008 being held in Puerto Rico. Even though the chapter could have six individuals with six proxies attend the convention, we probably would not have anyone attend due to the ridiculous cost.

There was a discussion about the possibility of sending the chapter newsletter by e-mail. This could be done if it were sent as a PDF file as all internet users are able to get the Adobe Reader for free from Download.com (http://www.download.com/3120-20_4.html?qt=Adobe+Reader&tag=srch&tg=dl-20).

For the Good of the Order

There was a discussion about the TREA Auxiliary being in compliance with TREA's Constitution and By-Laws.

There was a discussion about how mail that could be sent over the internet from TREA headquarters continues to send by „snail mail". The chapter members wonder why this is happening.

There was a discussion about putting a request for funds coupon in the chapter newsletter. There is the possibility of sending either the TREA coin or the TREA zipper pull for those that contribute. This was referred to the chapter officers to pursue the issue. A **motion** was made and **seconded** that the Chapter have \$100.00 worth of the TREA zipper pulls available at the AFRAD to be given to individuals that contribute funds to the chapter. **Motion carried.**

President Donais **adjourned** the meeting at 1300 hours.

Next meeting immediately following the close of the AFRAD at Camp Ripley, MN on 23 August 2008. As always, spouses and guests are invited to attend.

Respectfully submitted:

Rick Erickson
Secretary



With the close of the 2008 Legislative Session, I would like to express my sincere gratitude to our dedicated service organizations, Governor Tim Pawlenty and the Minnesota Legislature. Our state

leaders have made it clear that veterans and their families are a priority in Minnesota. There were many important veteran-related provisions signed into

law this session. Here are a few highlights:

- Governor Pawlenty and legislative leaders agreed to invest \$10 million (NEXT PAGE)

(MDVA CONT'D)

in bonding for the replacement of Building 9 at the Minneapolis Veterans Home. Earlier this year residents were evacuated from Building 9 after it was condemned due to structural deficiencies. We will keep you informed as we move forward with planning for the demolition and reconstruction. The Minneapolis home also received bonding dollars for asset preservation.

- The Veterans Home in Silver Bay received funding to complete construction and the Fergus Falls Veterans Home received partial funding for an Alzheimer's and Dementia unit.
- The State Soldiers Assistance Program received additional funding

of \$2.5 million in FY 09 and \$1.5 million each year thereafter. With the recent increase in applications for SSAP assistance, this funding came at a crucial time.

- Funding was provided for a new caseworker program and our Claims and Outreach Department will now be able to hire a full-time Women Veterans Coordinator.
- Tax relief for veterans includes a property tax exclusion for the homesteads of the Minnesota veterans with service-connected disabilities of 70 percent, a tax credit of up to a \$750 for disabled veterans or military members with at least 20 years of service, and a doubling of the Military Combat Zone tax credit. In addition, military

pay for training and drills will no longer be counted as taxable income. As many of you know, MDVA has undergone tremendous growth in the last two years, and the confidence placed in our agency is humbling. Your support of our mission to help veterans and their families is essential to our work.

On behalf of Deputy Commissioners Michael Pugliese and Gil Acevedo and our entire staff, thank you for your confidence and committed support to our agency.

Clark Dyrud, Commissioner, Minnesota Department of Veterans Affairs

CHAPTER HOLDS BRAT SALE IN ELK RIVER

On April 25-27, Chapter 115 had a Brats sale at CUB Foods in Elk River. Unfortunately, the good weather decided to go elsewhere and the rain continued throughout the weekend, but didn't hamper the wonderful folks that stopped to purchase brats or hot dogs and chat for a few minutes. Due to the weather our profits were 1/3 of what we

expected, but we look forward to better weather in 2009. We're most grateful for the many members and friends that turned out to help: Jed Collier, Mark Davidson, David Christenson, Ralph and Judy Donais, Rod Erickson, Linda and Bruce Hooker, Dennis and Victoria Rock, David Hammer and Curt Swanson.



Dick Habeck, Mark Davidson & Ralph Donais

Annually, each Minnesota High School that has a JROTC program concludes the school year by recognizing its members that have achieved or are recognized for outstanding academic or leadership ability. TREA makes available for purchase by its Chapters, a "Junior ROTC

CHAPTER PRESENTS JROTC AWARDS

Award of Merit". Each JROTC unit selects the cadet who must have shown outstanding leadership throughout the course of the school year while serving in an enlisted rank. During May, David Hammer, Linda and Mark Davidson, and Ralph Donais made certificate and

medal presentations to the JROTC cadet at Harding, Johnson, Minnesota Transition School, North St Paul, Arlington, Park, Humboldt, Cretin, Como, Woodbury, St Thomas and Vessey High Schools.

CHAPTER FUNDRAISER



Minnesota members receive benefits through Chapter representation at the Minnesota Legislative sessions; interaction with Minnesota military organizations; quarterly Chapter meetings and newsletters; Chapter website; attendance at JROTC award ceremonies and delegate(s) to the TREA National Convention. Our previous 2 year annual expenses have averaged to be \$2700.00. Annually TREA NHQ distributes \$600.00 to each chapter. The annual difference of \$2100.00 has been contributed from our members and our annual Brats Sale.

During the Camp Ripley AFRAD on Saturday, 23 August, attendees will have the opportunity to support these Chapter activities through a \$5.00 purchase of a TREA zipper pull. These pulls are attractive as well as functional on clothing or luggage. Your continued support is very much appreciated.

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FUTURE MEETING SCHEDULE

August 23, 2008 at Fort Ripley, MN after the Saturday AFRAP.
November 8, 2008
February 14, 2009
May 9, 2009

All meetings are held on Saturdays at 1100 hours at the VFW Memorial Complex, 7350 Quaday, Otsego, Minnesota. Phone 763-241-5225. Spouses & guests are always invited to attend!

From I-94 in Rogers: Go north on highway 101 towards Elk River to CR 37. Turn Left at the light. Second road on the Left is Quaday Ave NE and turn Right.. You will see several brown buildings which are the VFW Sport complex on your Right..

From Highway 10 in Elk River: From Elk River take Hwy 101 South towards Rogers, turn right on CR 37, turn right again at second road, another right on Quaday. Turn Right. You will see several brown buildings which are the VFW Sport complex on your Right.

The Chapter 115 "Eagle News" is scheduled to be published quarterly in January, April, July and October. Send news to dennisvictoria@usfamily.net.



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Annual Armed Forces Retiree Activity Day (AFRAD)
Camp Ripley – Little Falls, MN
Saturday, 25 August 2007

Members of The Retired Enlisted Association, Central Minnesota Chapter 115, are hosting the 7th Annual AFRAD at the Camp Ripley Training & Community Center (TACC). The Camp Ripley Armed Forces Retiree Activity Day (AFRAD) is an opportunity for all armed forces retirees, spouses, widows and/or guests to receive updated information about entitlement programs, and meet and greet other retirees, spouses, widows and guests.

The AFRAD will also give you the opportunity to update your ID cards and ask questions of the specialists who work with the entitlement programs every day. Following the clean up after the AFRAD, the quarterly business meeting of Chapter 115 will be held. A snack will be provided for each member and guest that has indicated their planned attendance on the Registration Form.

Registration brochures have been mailed to all Chapter members north of the Twin Cities. If you didn't possibly receive a copy, please e-mail Dennis Rock at dennisvictoria@usfamily.net and he will e-mail you one. I look forward to seeing as many of you as possible that can join us.

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IF your mailing label contains incorrect information, or if you are not receiving the Chapter e-mail announcements, notify Mark Davidson at ldavidson77@msn.com