

Kalfus & Nachman

Attorneys at Law

INJURY AND DISABILITY LAWYERS

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www.kalfusnachman.com

Page 1

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In This Issue...

- ✔ Must Personal Injury Settlements Be Reported on Your Taxes?
- ✔ How Social Media Can Harm Your Personal Injury Case
- ✔ We'll Get You Home Safely – Friends Don't Let Friends Drive Drunk
- ✔ Make Your Valentine This Easy Breakfast

Must Personal Injury Settlements Be Reported on Your Taxes?

Did you receive a settlement in 2017 for a personal injury case? Did you receive another type of settlement such as from Workers' Compensation or an employment case?

Most personal injury cases end up in a settlement so the case does not go to court. Many in fact settle before the lawsuit is even filed. A settlement occurs when the defendant, or the person being sued, agrees to pay the plaintiff an amount so that the case is dropped.

Now it is tax time and you are probably wondering if you have to report those settlements when you file your income tax forms.



Personal Injury Settlements

Generally, the monies received from most personal injury claims are **not taxable** for federal or state taxes. It doesn't matter if the case was settled or if the proceeds were payable after a court decision. So, in general, federal tax law excludes damages that a claimant receives because of personal physical sickness or injuries from gross income.

Therefore personal injury damages that compensate the claimant for items such as medical expenses, lost wages, emotional distress, pain and suffering and attorney fees are not taxable, providing they come from a personal injury or illness.

There are some exceptions - for example, punitive damages are **always taxable**. Punitive damages are those payments that exceed compensation and are awarded to punish the defendant.

Another exception is interest on the judgment that your state may pay from the date you filed the suit until the payment date. Also, if your claim is for emotional distress without any actual physical injury or illness, then generally your settlement is taxable if you are unable to prove any physical harm.

You can read more on this subject in the IRS publication Settlements - Taxability.

Other Settlements - Employment and Workers' Compensation

When an employment-related lawsuit is settled, generally almost all the settlement proceeds **are included** in the plaintiff's taxable income. This includes front pay and back wages, emotional distress damages, interest awards and punitive damages.continued on page 2

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....continued from page 1 **Must Personal Injury Settlements Be Reported on....**

The only exceptions are **certain** payments for attorneys' fees and those payments intended to compensate the plaintiff for damages due to personal physical injuries or physical sickness. Also, payments for mental anguish are not taxable if they don't go beyond actual medical expenses for the emotional distress.

Workers' compensation benefits **are not** usually considered taxable for federal or state taxes. However, if you also receive Social Security Disability (SSDI) benefits or Supplemental Security Income (SSI), your disability payments may be reduced so that the combined amount remains below a certain threshold. In this case, the amount of this offset will be the amount of Workers' Compensation benefits that are taxable.

Important Note: This article touches on the taxability of various settlements for federal and state taxes. There are many exceptions to each rule and consulting with an experienced tax professional is best when evaluating your tax liability.

How Social Media Can Harm Your Personal Injury Case

Using social media without thinking may be the best way to wreck your personal injury case.

To be compensated for injuries sustained in a negligence case, you must prove that the accident caused your injuries. The insurance company will try to show that your injuries were either pre-existing or were related to something other than the accident.

So they will search all your social media feeds for pictures, postings or comments that may demonstrate that your injuries are not as serious as you claim, or that you are engaged in activities that you claim you cannot do. They will look for prior or risky behavior as well as excessive alcohol consumption.



Protect Yourself With Prudent Social Media Management

Don't ever believe that your social media accounts are completely private. One of your friends may share a posting, allowing others to view it. Once it goes online, it's out of your control.

Follow these important tips to reduce the chance of someone misusing your social media postings:

- Set your privacy settings so only friends can see your social media pages.
- Only accept friend requests from those you actually know.
- Review your friends and "un-friend" anyone that you don't know.
- After your accident, don't mention anything related to the accident. Refrain from posting photos of any of your activities, your injuries or your vehicle.
- Don't post pictures of any vacations, parties or alcohol consumption and other risky behavior. In fact, it's best not to post any photos at all until your case is completed.

If you or a family member has been injured in a car accident or any personal injury, or has been denied Social Security Disability benefits, it's important to get an attorney experienced in these types of cases involved immediately. Call **800-361-0430** for your initial free consultation. Kalfus & Nachman PC, Personal Injury attorney in Norfolk, can help you determine whether you need a lawyer for any personal injury case.

We'll Get You Home Safely – Friends Don't Let Friends Drive Drunk



The **Law Firm of Kalfus & Nachman** is kicking off its 4th annual "Safe Ride Home Program". The program offers **FREE rides** from any restaurant or bar to home for the "Big Game" from kick off to midnight to help fans celebrate safely. This year we have expanded the program to **Uber®** and **Lyft®**. If you send your receipt in to our Norfolk Office at 870 N. Military Highway Norfolk, VA 23502, Attn. Mary Murray, we will reimburse your trip. Or, just call Norfolk Black and White Cab at **757-855-4444** and say "**Kalfus & Nachman**" and they will pick you up at any bar or restaurant in the Hampton Roads area and drop you off at your residence in the Hampton Roads area to assure you get home safely.

If you are out of our area, the NHTSA's **SaferRide app** is a great option for easily connecting to a taxi, phoning a friend and determining your location.



The following rules apply. Must be 21 or older to participate, rides from kick off to midnight only on 2/4/2018. Rides must be with "Norfolk Black and White" Cab Service, Uber or Lyft. Black and White Cab does not service pick-ups in city of Portsmouth. There is a \$30 cap on Lyft & Uber reimbursement. Rides cannot be guaranteed; however, every attempt will be made to accommodate all requests. Go to **www.kalfusnachman.com** for more details or call **757-461-4900**.

Thank You **FOR YOUR REFERRAL**

What are our referrals saying?



"I was referred to Chris Jacobs at Kalfus and Nachman. Chris and his team were great. I was in a really bad crash in NC and Chris was there to answer any questions I had and helped me understand the issues that surround being hurt by another who lacks sufficient insurance coverage. It took a long time to get the insurance companies to take responsibility but Chris and his staff never backed down and educated me on what to expect. The staff at Kalfus and Nachman (including Christopher Jacobs as one of my attorneys) exceeded my expectations at every turn. If you are hurt by someone else like I was, call Chris at Kalfus and Nachman and I am sure he will be certain to. Take good care of you and your case..... JOHN"

We would like to thank everyone who refers friends and family to our firm. We appreciate the trust and confidence you show in us by making these referrals. Thank you for recommending us when someone you know needs legal help. We welcome and encourage referrals..... Kalfus & Nachman

Surprise Your Valentine With This Easy Valentine's Day Breakfast

Red Velvet Pancakes with Cream Cheese Topping & a side of Heart Shaped Bacon

Red Velvet Pancakes

Cream Cheese Topping

- 4 oz (half of 8-oz package) cream cheese, softened
- 1/4 cup butter, softened
- 3 tablespoons milk
- 2 cups powdered sugar

Pancakes

- 2 cups Original Bisquick™ mix
- 1 tablespoon granulated sugar
- 1 tablespoon unsweetened baking cocoa
- 1 cup milk
- 1 to 1 1/2 teaspoons red paste food color (liquid food coloring not recommended)
- 2 eggs
- Powdered sugar, if desired

1. In medium bowl, beat cream cheese, butter and 3 tablespoons milk with electric mixer on low speed until smooth. Gradually beat in 2 cups powdered sugar, 1 cup at a time, on low speed until topping is smooth. Cover; set aside.
2. In large bowl, stir all pancake ingredients except powdered sugar with wire whisk until well blended. Heat griddle or skillet over medium-high heat (375°F). (To test griddle, sprinkle with a few drops of water. If bubbles jump around, heat is just right.) Brush with vegetable oil if necessary or spray with cooking spray before heating.
3. For each pancake, pour slightly less than 1/4 cup batter onto hot griddle. Cook 2 to 3 minutes or until bubbles form on top and edges are dry. Turn; cook other side until golden brown.
4. Spoon cream cheese topping into resealable food-storage plastic bag; seal bag. Cut off tiny corner of bag; squeeze bag to drizzle topping over pancakes. Sprinkle with powdered sugar.

Heart Shaped Bacon

1. Line a baking sheet with tin foil. (Fold edges upward so you capture the grease. This makes it so you basically don't have any clean up.) Preheat your oven to 400 degrees.
2. Cut bacon slice in half and use the two pieces to fold into a heart. (Refer to the image above for a visual on how)
3. Once you've made all of your hearts, bake the bacon for about 15 minutes (depending on how well done you like your bacon).



Pancake recipe and photo courtesy of Betty Crocker

Bacon recipe and photo courtesy of werecallingshenanigans.com

Roxan Norvell Retirement Luncheon 18 Years of Service



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INSIDE THIS ISSUE:

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Legal Matters February 1st & 15th



Tune in for a double dose of Legal Matters on WAVY and FOX at 10 AM & 11 AM

Case by Case February 14th & 28th



Case by Case Season 2 on WTKR News Channel 3 @ 10 am

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