

RE: Young v. State
ALL PLAINTIFFS ARE NOW IN THE APPEAL

Dear

Due to the Chief Justice ruling on April 13, 2010 **all Plaintiffs** are in the appeal. See our web site for details. If you do not wish to be a part of appeal, please notify us and we will close your case.

Please find enclosed a check for your interest that is awarded because of the Oregon Supreme Court decision and the subsequent Marion County Circuit Court decision. Your attorney fees have already been deducted from your check. There are no wage deductions as the interest is not wages for federal and state tax purposes, but is income. Also, this amount will not become part of your salary for PERS purposes.

Gross Amount _____ Net Amount _____ Attorney Fee _____

When it comes time for reporting your taxes, attorney's fees paid must be reported as income, and the fees may be deducted from income. On the IRS form 1040 for 2010 the deduction should be reported on line 36. This is slightly confusing because line 36 is a "totals" line. However, the instructions on the IRS form state that you should write on the dotted line next to line 36 the amount of the deducted attorney's fees and also, "UDC", For instance, if your attorney's fees are \$1,000 you should write "\$1,000 UDC" on the dotted line next to line 36 and include the \$1,000 in the total on line 36.

Please review carefully the instructions for form 1040 in 2010, as where to report the attorney fees, as the form may change from the 2009 form.

I need to remind you to please either email us with changes of your address, phone number, cell phone number, or email address as this case will be being appealed for a number of years. **When there is a change, please either email me jhoag@snyderandhoagllc.com; or contact our Portland office at P.O. Box 12737, Portland, OR 97212, (503) 222-9290, or email to: kpearson@snyderandhoagllc.com. The Florence office telephone number is: (541) 902-8754; as the Eugene office is closing again until this case returns from the appellate courts.**

For those of you who will **retire or if you terminate your employment with the state** during the appeal, be sure to let our Portland office know of that fact, so in an abundance of caution, we can send a claim letter to the state.

Sincerely,

John Hoag
Snyder and Hoag, LLC