



TAX LAW CHANGES

\$70

billion tax cut over the next decade:

This year, the U.S. Congress and the President passed a package of tax cuts which are expected to give the nation \$70 billion in tax relief over the coming decade. Broad tax cuts often require increases in other kinds of tax revenue. Ho-Chunk minors, unfortunately, maybe affected adversely as the so-called kiddie tax expands. During this 10 year period, the change in the kiddie tax is expected to help balance the tax cuts by collecting \$2.2 billion dollars more of tax revenue.

How

the kiddie tax works:

The kiddie tax affects a minor's unearned income—typically interest, dividends and capital gains. The kiddie tax does not apply to money a child earns from a job. For 2006, the first \$850 dollars of unearned income for a child is not taxed, and the next \$850 is taxed at a rate not to exceed 10%. After a child collects more than \$1,700 in unearned income, however, the kiddie tax mandates that tax on unearned income be paid at the parent's, not the minor's, rate of taxation. In many cases the parent's rate is higher than the child's. If the kiddie tax has or will now apply to your situation, your tax advisor will calculate it using an additional tax form.

Age

has increased from 14 to 18 years:

The kiddie tax used to disappear when a child turned 14. Because of the new law, the kiddie tax now disappears when a child reaches 18. This change is retroactive to the beginning of 2006. The kiddie tax ends on a given year if the child turns 18 anytime during that year. The kiddie tax will not apply if the both of the child's parents are deceased, or when a minor marries and files a joint return.

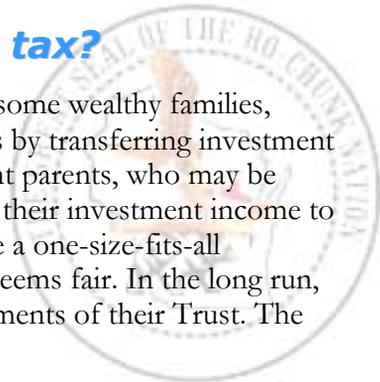
Why

does the U.S. government impose this tax?

A number of years ago, federal tax authorities determined that some wealthy families, through elaborate schemes, were avoiding taxes on investments by transferring investment income to their children. The kiddie tax was designed to prevent parents, who may be taxed at higher rates, from transferring all of the tax burden on their investment income to their children, who may be taxed at lower rates. Tax statutes are a one-size-fits-all proposition. Everyone has to comply, whether or not the rule seems fair. In the long run, however, Ho-Chunk minors are greatly benefited by the investments of their Trust. The long-term benefits far outweigh the the taxation responsibility.

This newsletter is not intended as tax advice.

Please consult your tax advisor for aid specific to your needs.



THE HO-CHUNK TRUST BULLETIN

How

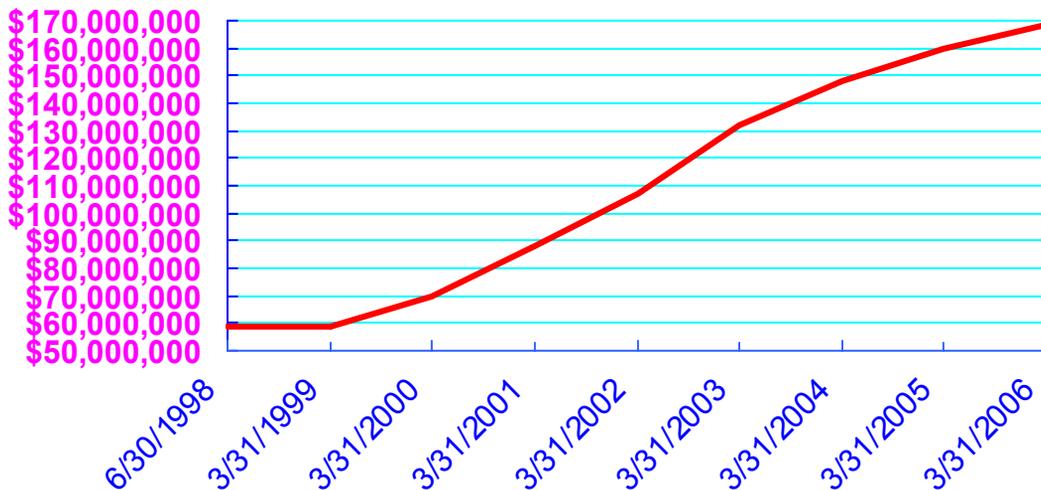
has the Trust performed?

The Ho-Chunk Nation Minor's Trust Fund has continued to perform very well during our moderately growing economy. The fixed income market has low inflation expectations. In response, the maturities in the portfolio have been slightly lengthened. For the past 12 months, the portfolio's benchmark, the Lehman Brothers Intermediate/Corporate Index for A-rated or better bonds, returned +2.09%, while the Trust returned +2.48% before advisory fee. Even after subtracting the advisory fee, the Trust was still ahead of its index, with a net of advisory fee return of +2.41%.

The portfolio's holdings have been broadened to about 150 different bonds. This helps us avoid over-committing to any one sector of the bond market. Many of the new holdings are asset-backed securities, which means that the bond is secured by collateral, such as home mortgages. These asset-backed securities are attractive relative values at this time, in that most are rated AAA, yet offer yields comparable to other corporate bond alternatives. A higher yielding, higher quality portfolio is one of the strategies the manager is executing to provide total return from the portfolio. As always, we invest only in U.S. government bonds, as well as bonds issued by extremely creditworthy corporations. The Minor's Trust is well-positioned for the long term, and will continue to meet the needs of its participants for the years ahead.

Historical asset growth: 6/30/98 to 3/31/06

Below is a graph of the Ho-Chunk Nation Minor's Trust Fund market value, since inception, *net of advisory fee*.



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Trust Performance Update