



Your Taxes and Financial Matters

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Make this simple estate tax planning move

Want to save time, taxes, and problems for your heirs? There is a simple document you can complete that will help you do all those things.

What it is. It's called a Beneficiary Designation Form. If you own Individual Retirement Accounts or other retirement accounts, it can be an invaluable part of your estate plan, even if you already have a will.

What it does. The form allows you to designate who receives your retirement plan assets after your death. It's legally binding and overrides your will.

Why it is important. Retirement plan assets are generally subject to estate and income taxes. When you fail to designate a beneficiary, the property in your plan passes to your estate and is distributed according to the terms of your will.

What is wrong with that? Under tax law, when there is no designated beneficiary, your estate generally must distribute your retirement plan fairly quickly. That means your loved ones lose the benefit of putting off the related tax bill as long as possible.

Filling out the beneficiary designation form can avoid those problems.

How to make it work for you. Think about your entire estate before selecting retirement plan beneficiaries. The ages of your loved ones, as well as the type of assets you own, can influence the tax results. Other factors to consider include your charitable plans and whether your spouse is a U.S. citizen.

Internal Revenue Service pumps up standard mileage rates

Due to rising gas prices, the Internal Revenue Service has increased the "standard mileage rate" for business drivers in 2008.

The standard mileage rate is an Internal Revenue Service approved shortcut. Instead of tracking all the actual business expenses of your vehicle, you can use the prescribed flat rate for the year. But you still must keep detailed records of every business trip.

The new rate of 58.5¢ per business mile, up 8¢ per mile, applies to travel during the last half of this year. For the first half, the previous rate of 50.5¢ per mile still applies. In addition, you may deduct any business-related parking fees and tolls.

Example: You drive 1,000 business miles a month in 2008. Over the course of the year, you incur \$500 in related tolls. For the first six months, you can deduct \$3,030 (50.5¢ x 6,000). For the last six months, the deduction increases to \$3,510 (58.5¢ x 6,000). When you add \$500 in tolls, your deduction for 2008 equals \$7,040 (\$3,030 + \$3,510 + \$500).

Note that the Internal Revenue Service also increased its standard mileage rate for medical and job-related moving expenses from 19¢ a mile to 27¢ a mile for the last six months of this year. However, the rate for charitable driving, which is set by law, remains at 14¢ per mile.

If you have additional questions about the ideas mentioned here and/or the many other strategies available to you, they may be directed to me at 800-CPA-KROL (272-5765), or you may write to:

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Music News

By: **Marek Żebrowski and Krysta Close**

In Paderewski's Footsteps – from California to Poland

Sponsored by Poland's Ministry of Foreign Affairs, a delegation of members of the Board of Directors of the Paderewski Festival in Paso Robles made an official visit to Poland from June 24-28, 2008. The delegation was headed by Frank Mecham, mayor of Paso Robles, and included Marek Żebrowski - Director of the Polish Music Center at USC and Board member, Joel Peterson - President of the Paderewski Festival Board of Directors, Steve Cass - Board of Directors member and owner of Cass Vineyards, Paula O'Farrell - Festival Archivist and Historian, and Rachel Hamilton - Paderewski Youth Competition Coordinator. The idea for this trip originated with Consul General Paulina Kapuścińska's visit in Paso Robles for the Paderewski Festivals in 2006 and 2007.

The group's itinerary began in Kraków on Tuesday, June 24, with a visit to the Grunwald monument, funded by Paderewski and dedicated at a special ceremony commemorating the 500th anniversary of the Battle of Grunwald in 1910. Shown around Kraków by Professor Małgorzata Perkowska, the delegation continued with a visit to the Paderewski Archives at the Musicology Department of the Jagiellonian University. Professor Perkowska introduced the group members to Paderewski's library, photos, music, and other important documents left to the University by this great pianist, patriot and statesman.

"Later that morning the delegation drove to Żelazowa Wola, Chopin's birthplace some 30 miles outside Warsaw. A quick visit to the manor house and the surrounding park was followed by a return to Warsaw for afternoon meetings, including one with the Director of the Adam Mickiewicz Institute, Pawel Potoczny. The Mickiewicz Institute was the main organizer of the delegation's visit, while the Ministry of Foreign Affairs covered the costs of lodging, transportation within Poland, and meals for the group. At night, the group was invited to attend a performance of Mozart's Requiem, given by the chorus and soloists of the Warsaw Chamber Opera and Warsaw Chamber Orchestra in the Seminary Church on Krakowskie Przedmieście."

The next item on the itinerary was a visit to the Jagiellonian University Museum - a repository of over 600-year long academic tradition that included treasures from the days of Copernicus' study there and a Pleyel grand piano that once belonged to Chopin.

A visit to the Royal Castle at Wawel was followed by a visit to the Czartoryski Museum. Director Tadeusz Dziurzyński introduced the group to the extraordinary collection of objects belonging to the one of the most important families in the history of Poland. The core of the collection consists of the military trophies from the glorious days of the Polish "winged horseman" cavalry, as well as a priceless collection of paintings by Leonardo da Vinci and Rembrandt.

On Wednesday, the group travelled to Kaźna Dolna, an estate located about two hours southeast of Kraków and owned by Paderewski from 1897-1903. Director Krystyna Szymańska led the tour of the manor house, the office building and hotel, and the large barn that is being refitted to serve as a 400-seat concert hall. The Supervisor of the Tarnów district, Starosta Mieczysław Kras, was also present. The visitors from California walked the extensive grounds laid out by Paderewski with a beautiful linden alley and other rare species of trees. Later in the afternoon, Director Szymańska treated the group to a sumptuous lunch in Paderewski's own dining room. Discussions included showcasing the winners of the Paderewski Youth Competition in Paso Robles during a concert series in Kaźna Dolna, and the regional authorities prepared a draft of a preliminary agreement for such exchanges

Music News to page 4



Investments

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A Checklist for Plan Sponsors

Once a retirement savings plan has been approved and is in place, it's tempting to sit back and adopt an "I'm done, hands off" attitude. However, to ensure that a plan will continue to operate effectively, employers should periodically review plan provisions and features. Here are some points to check.

How the Plan Is Presented The more convinced employees are of the wisdom of saving for retirement, the greater the level of employee participation. The greater the participation, the more the plan can help benefit employees - including highly compensated employees. Regular meetings, newsletters, and handouts are effective means of communicating plan advantages. Check to make sure printed materials are up to date and easy to understand, and distribute them frequently.

Plan Investments Employers that sponsor participant-directed plans can limit potential legal liability for losses caused by employees' investment decisions if plan investment choices meet certain requirements under ERISA Section 404(c). Very generally, where 404(c) protection is sought, a plan should offer at least three "core" investment choices, allow employees to switch investments at least once each quarter, and provide participants with adequate disclosure of specified investment information.

Administration Participants and beneficiaries must be given a copy of the Summary Plan Description (SPD) within 120 days after a plan is adopted or within 90 days after becoming eligible to participate in the plan or receive benefits. Review the SPD to make sure it accurately describes the provisions of your plan. If changes have been made to the plan document - which is likely, given the recent tax law changes - then all participants must receive a notification of these changes within 210 days after the end of the plan year in which the changes were adopted. Generally, all participants must receive a copy of the SPD every five years.

Summary annual reports must be distributed to participants within nine months after the close of the plan year. If a plan receives an extension to file its annual report (Form 5500) with the IRS, then the summary annual report must be distributed within two months after the end of the extension.

Plan Rollovers. Qualified plans must allow participants and surviving spouses to elect direct rollover of any eligible distribution to an IRA or another employer sponsored retirement plan.

Bonding Generally, plan fiduciaries and others who handle the assets of a plan must be bonded. The bond must be equal to at least 10% of the funds handled by the bonded individual, but cannot be for less than \$1,000 and need not be for more than \$1,000,000.

Loans to Participants Loans that are not properly administered may be treated as constructive distributions resulting in taxable income to the recipients. Review loans to make sure that loan balances do not exceed the maximum limitations. Maximum loan amounts can not exceed the lesser of \$50,000 or one-half of a participant's vested account balance. Unless used to finance the purchase of a principal residence, all loans must be repaid within five years. A plan may impose more stringent conditions on loans than the law requires.

Plan Forms All forms should meet current requirements. Forms that may need updating include beneficiary designation forms, benefit election forms, and the notice of distribution options.

For More Information

If you are unsure whether your plan currently meets all the requirements of our checklist, or if you would like assistance reviewing your plan, please contact Joanna Moran at (619) 238-6259. ☐



Legal

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Stopped at the Border: Explaining Expedited Removal, Part II

In the first part of this article, I began answering this question and discussed the process of expedited removal. It is a harsh process that the U.S. Government uses to remove people from the U.S. It is key to try to avoid receiving expedited removal because it can cause either a five year or lifetime bar to re-entering the U.S., depending on the reason you received expedited removal. While it can be difficult to avoid expedited removal, this article offers some strategies that some individuals could use to avoid it.

What Immigration Officials will tell you?

Immigration officials will usually never fully tell you all of your rights. They do not have to. Their goal is to get people removed from the country as quickly as possible. So you cannot rely on immigration officials to tell you this information.

What can you do to avoid expedited removal?

There are some ways to avoid an expedited removal order. Please keep in mind that these possibilities do not necessarily mean that the person will get to stay in the U.S. These strategies may help someone with a possibility to re-enter the U.S. legally at a later date to do so.

Three procedures may be available to challenge or avoid an order of expedited removal:

1. An individual with an expedited removal order can present him or herself again for inspection with the necessary documents. After the re-inspection, or "continuing inspection," if the applicant is admitted, the order of removal will automatically be reversed without any formal action in court.
2. Some districts have a policy to review expedited removal orders if an individual requests that the removal order be rescinded because it was issued in error. A number of expedited removal orders have been rescinded when the full facts were presented to the immigration officials.

This is a difficult because many immigration officers do not want to even agree that it is possible to rescind an order. But some will be willing to listen to your arguments and negotiate. This strategy can work well if the basis of the expedited removal order was for fraud or misrepresentation because often there was no fraud or misrepresentation. This is important because a finding of fraud leads to a lifetime ban on returning to the U.S.

3. It may be possible to simply sign a withdrawal form and return home. The immigration officer may even recommend this. However, if you have a visa, a withdrawal will cause the visa to be immediately cancelled.

In addition, it may be possible to file a waiver on Form I-212, depending on the reason an individual was found inadmissible for entry to the U.S. There are no defined standards to grant such a waiver, except that the alien either be (1) admissible except for having been issued an order of removal, or (2) eligible to apply and is applying for another waiver on Form I-601 at the same time that the I-212 is submitted.

Each of these strategies involves important considerations of individuals' immigration history and future. Also, not all individuals may be able to use any or all of these strategies. Therefore, it is extremely important to consult with a qualified, reputable immigration attorney before trying to enter the U.S. ☐

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