

## Arizona

By: *Kasia Marciszewska*

When we moved to Arizona we had no idea what to expect. We traveled to the desert from the east coast after living in NYC then NJ; places that were different in every way from the state we would now call home. One of the first things my mom, Druhna Jagoda, did was find a Polish parish for us to attend. We had a parish before we even had a place to live! However, this proved to be a blessing in disguise.

After 16 years of involvement with ZHP, the thought of starting a new chapter never crossed my mind. Luckily, my mom had the motivation and desire for the both of us. Immediately, she saw that the members of the congregation would greatly benefit from harcerstwo and convinced me that this was something we should do. And so our journey began.

Since that fateful decision nearly three years ago, our small group of zuchy has now grown exponentially. There are over 40 registered children encompassing all levels: skrzaty, zuchy, harcerki and harcerze. Of course, we can't forget about our wonderful parents who volunteer their time and energy into helping our osrodek thrive and grow.

Druhna Jagoda saw beyond our bleak desert and dreamed of forging contact with the harcerstwo in California, knowing that their support would be an incredible help. The first interaction between the neighboring states came in May of 2008, during California's annual Memorial Day Biwak. A small group of zuchy, harcerki, harcerze and two very dedicated dads, made the strenuous 12-hour drive to attend a weekend of games, activities and more. This biwak was the spark that initiated Druhna Jagoda's desire to bring the two states and its people together.

During that weekend, plans were made for California to come to Arizona to see our osrodek and offer their guidance. On Friday October 3<sup>rd</sup> at around 10 p.m. eight weary travelers finally arrived in Phoenix. They were welcomed with open arms to surrogate families that embraced them kindly. Among them, two married couples with shared dedication to the harcerstwo way of life: Druhna Iwona and Druh Ryszard along with the ever lively and entertaining Druh Zbyszek and Druhna Ania. Piotr Trabiński, a harcerz from ZHR in Poland came along for the ride, amazed at the camaraderie, passion and dedication of the Polish-Americans. Druhna Basia and Irena Grobelna added a one-of-a-kind energy to the group. Druh Patryk, at 24 the youngest hufcowy in the United States, traveled to Arizona to embrace yet another fledgling member of the harcerstwo family under his wing. Last but certainly not least, Ks. Stanislaw Zak flew on Saturday to perform Mass. As happens often within the world of harcerstwo, circumstances also brought my good friend and fellow harcerz, Billy Perucki into the Phoenix area all the way from Connecticut.

What happened next was simply remarkable. We sang, we danced we discussed ways for the Arizona chapter to continue on its path of success. More importantly however, we connected as fellow scouts on a mission to bring our message to the Polish-American youth.

Some of my fondest memories involve various harcerstwo activities including kolonie, obozy and countless field trips. To this day, my best friends are all members of ZHP. This is what me, Druhna Jagoda, my sister Druhna Marta and lifelong harcerz Druh Anotni strive to achieve and now with the help of our new friends in California, this dream can be realized.

Our dedicated parents who had supported us from the beginning were also reinvigorated in helping our cause after meeting other members of this great organization. From humble beginnings, "Pustynne Kwiaty" along with the harcerki and harcerze will join the California hufce "Mazowsze" and "Krakow." Camping trips and events are already being organized and the excitement has affected everyone! After a spectacular weekend, friendships were forged and strengthened, and we look forward to mutual involvement in the future. □

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employee. The maximum SIMPLE contribution for 2008 is \$10,500 with an additional catch-up contribution of \$2,500 available to employees who have reached at least the age of fifty by the end of the year. The contribution is limited to the lesser of \$10,500 or 100% of compensation. Generally, you are required to match three percent of the compensation up to the amount the employee contributes. If the employee does not participate, you do not make a contribution. This plan is available to small employers with less than 100 employees. The eligible employee must have had at least \$5,000 of compensation in the preceding two years and reasonably expect to make that in the current year.

Like the SEP, the plan is easy to establish. However, unlike the SEP it must be established by October 1 of the tax year. The deferral contribution must be made by the thirtieth day after the end of the month in which the income was deferred. The matching contribution must be made by the due date plus extensions of the tax return for the year.

### 401(k)

The 401(k) is a qualified plan that offers a larger deferral opportunity for your employee(s). The maximum deferral is \$15,500 with a catch-up contribution of \$5,000 for those age fifty and over. Like the SIMPLE, you and the employee can participate in the deferral opportunity. A self-employed person is deferring a part of net profits from the Schedule C or F since no W-2 is issued to a self-employed person.

This plan cannot discriminate with regard to employees. However, you need not cover those under twenty-one and those who have less than one year of service (1,000 hours). You can always be more generous with coverage as long as all your employees are treated consistently.

The plan must be established before the end of the year. Your employees will be required to choose their level of participation. Because the plan is more formal, you must file a Form 5500 annually. This is an information return monitoring the plan.

Many 401(k) plans are combined with profit sharing plans in which the employer makes contributions in addition to the employee's deferral. This matching contribution is usually limited to a certain percentage of compensation.

The deferral contributions must be deposited by the fifteenth day of the month following the deferral. The matching contributions must be made by the due date plus extensions of the tax return for the year.

This plan has become more popular with the self-employed businessperson. So, for those of you who are self employed, this plan is something to consider. The Solo 401(k) is a modern name for the 401(k) that covers a one man show. Due to the pension revisions, the sole owner's contributions formula makes the plan more attractive than it previously was.

### Profit Sharing Plan

The pure Profit Sharing Plan is a discretionary contribution plan. You can choose to make a contribution for the year (or not) depending on the profitability of your business. Contributions must be made based on a formula that does not discriminate. These plans also require the filing of Form 5500-EZ.

### Keogh Plan

Qualified plans set up by self-employed individuals are sometimes called Keogh or H.R. 10 plans. They can be either defined contribution or defined benefit plans. Prior to the 2002 pension reform bill, it was common practice to combine the two plans as one paired plan. The profit sharing plan had a maximum contribution of fifteen percent. However, to increase the contribution percentage, it was combined with a money purchase plan creating an additional ten percent contribution for a total of twenty-five percent. This plan had to be established by the end of the tax year but could be funded by the due date of the return plus extensions. It requires the filing of Form 5500-EZ.

### Defined Benefit Plan

The defined benefit plan is a plan suitable for the highly-compensated individual who

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meet its financial obligations it may fail to make interest and principal repayments. Although municipal bonds are generally considered to be high quality investments, not every issuer has the same tax base

or sources of revenue. However, purchasing insured municipal bonds<sup>3</sup>, which are generally rated 'AAA' by Moody's and/or Standard & Poor's, may reduce your portfolio's exposure to credit risk.

### Consider Call Provisions

Many municipal bonds have call provisions; the issuer has the option to redeem the bonds prior to maturity. If a bond is called, you bear the risk of reinvesting the proceeds at a lower rate of return, depending on market conditions, potentially impacting your ability to plan your future income stream.

### Tax-Exempt Yields v Taxable Equivalent Yields

Federal Tax Bracket	Federal Income Tax Rates			
	25%	28%	33%	35%
Tax-Exempt Yield%	Taxable Equivalent Yield (TEY) %			
3.50	4.67	4.86	5.22	5.39
4.00	5.33	5.56	5.97	6.15
4.50	6.00	6.25	6.72	6.92

**For illustrative purposes only and does not represent any specific investment**

### Are Municipal Bonds for you?

As well as generating tax-exempt income, the municipal market is attractive in terms of investment quality, maturity, sector focus, and geographical diversity. Municipal bonds could be an important diversification and tax planning tool within your fixed income portfolio. For more information, please write in care of

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(1) Source: Federal Reserve Board Flow of Funds Account, March 2007

(2) Municipal bonds are generally exempt from federal income tax. Typically, state or local tax-exemption applies if securities are issued within one's state or city of residence. If you are subject to the Alternative Minimum Tax (AMT), interest on 'private activity' municipal bonds is considered a preference item.

(3) Insurance does not pertain to market values which will fluctuate over the life of the bonds; it covers only the timely payment of interest and principal. Credit quality varies depending on the specific issuer and insurer.

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wants to put away more money than the other plans offer. This plan works backwards to determine the allowable contribution. The theory of the plan is to first establish the amount of retirement dollars that is desired. The contribution is actuarially determined and is based on the amount of money needed to produce the desired dollars at retirement. The benefit to be paid out is limited to 100% of the average compensation for the three consecutive years of highest compensation and is capped at \$185,000 for 2008.

### IRA

If you do not want to bother with a formal pension plan, an IRA can be set up as a retirement option. You can make a contribution to your own IRA independently or you can make contributions for your employees. Employer contributions would increase the wage of your employees with the contribution being potentially deductible on the employee's personal return. The maximum IRA contribution is \$5,000 with a

\$1,000 catch-up contribution available to those fifty and older.

### Conclusion

There are many options available. This article in no way provides all the possibilities. If you are looking for retirement options for your small business, this information should give you a taste for what is available. It is important to determine what you wish to achieve with a retirement plan. Discuss your options as a small business owner/employer with your accountant to make sure your objectives are met.

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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