



Your Taxes and Financial Matters

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Tax planning will head you in the right direction

Creating a sensible tax plan for yourself and your business is not an easy task in today's political environment. If you're looking for straightforward, reliable ways to save tax dollars, here are some year-end suggestions to consider.

Compare tax rates.

Tax rates are as low this year as they are likely to be for many years to come. You could save taxes by realizing income in 2010 instead of following the more traditional practice of deferring gains or other income into the future. Why? Accelerating income is a multi-year tax-saving strategy when you anticipate higher tax rates in the future.

If you are a business owner, finish projects in December and submit the related invoices to your customers before the end of the year. If you are an investor, 2010 might be the year to elect out of installment sale treatment on asset dispositions.

Check home and family.

Use a whole-family approach to tax planning. For instance, you could hire your child to work in your business. That shifts income from your higher tax bracket to your child's lower one. There's no need to worry about the "kiddie tax" if you opt for this strategy. While the investment income of children under age 19 (and full-time students under age 24) can be taxed at your rates, earned income is not included in the kiddie tax calculation.

If you bought a home this year, you are well aware of the tax credit available to you. But don't forget that if you bought a home in 2008 and took the first-time homebuyer credit, the recapture of that credit starts this year. The \$7,500 credit must be repaid over 15 years beginning with your 2010 tax return.

Take advantage of expiring residential energy credits. For 2010, you can claim a credit of up to 30% of the cost of energy-efficient windows, doors, certain roofs, and other energy-saving improvements to your principal residence. The maximum residential energy credit for amounts spent in 2009 and 2010 is \$1,500.

Credits are more valuable than deductions because they're subtracted directly from the amount of tax you owe.

Convert to a Roth.

If transferring assets from your IRA to a Roth makes sense based on your overall tax situation, you have a unique opportunity this year. You can opt to accelerate income by including the entire 2010 conversion amount on this year's federal tax return, or you can delay income recognition until 2011 and 2012.

The \$100,000 income-eligibility limit that used to restrict who could make Roth conversions no longer applies. You can transfer your traditional IRA assets to a Roth account no matter how much you earn. In addition, you can now make a conversion when you are married but file separate returns.

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Investments

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Protecting Your Retirement Investments During a Job Transition

The current economic and market environment has prompted many Americans to rethink their retirement strategies. If you are experiencing a job transition—particularly if the transition is unplanned and unexpected—such a reassessment may be particularly important for you. While it may be tempting to focus more on your immediate needs, you should not lose sight of long-term goals, especially your retirement strategy.

Some Basic Decisions

Your employer-sponsored retirement plan is likely to be a key component of your retirement strategy. Because it represents a key source of future retirement income, it is important to carefully consider your alternatives for administering these assets. During a job transition, you will usually have three options: take a lump-sum distribution, leave your assets in the employer-sponsored plan or move your assets into a Rollover IRA.

Taking a direct, lump-sum distribution—With this option, the assets in your plan are distributed directly to you in a lump sum, which provides you with immediate access to your funds. Depending on your short-term needs, that may appear to be an attractive alternative. However, a distribution will likely result in substantial federal and state income taxes and a 10% IRS penalty tax, which can significantly reduce the amount of the distribution. Because you will be receiving the distribution directly, the plan administrator *must* withhold up to 20% of the value of the distribution for federal income tax purposes. Moreover, you will lose the benefit of the tax-deferred status of these assets, which could reduce the amount ultimately available to you at retirement.

The status quo option—You can decide to do nothing, leaving your assets in your former employer's plan. That will protect the tax-deferred status of your assets and allow you to transfer the account assets at a later time to a new employer's retirement plan that accepts rollovers. But you may be limiting your investment choices and control because employer plans typically have a restricted investment menu and require the consent of your spouse before you can name someone else as a beneficiary.

Establishing a Rollover IRA—A Rollover IRA simultaneously addresses the issues of taxation, flexibility and control, and may hold significant benefits for you as a result:

If your distribution is transferred directly to a custodian, rather than to you, the Rollover IRA eliminates the withholding requirement and penalties that may result from a lump-sum distribution.

The entire rollover amount can be invested immediately, according to the strategy you specify.

Your assets and any earnings continue to have the potential to grow tax-deferred until you retire and begin taking withdrawals.

You may gain access to a wider range of investment options and more retirement planning and distribution flexibility.

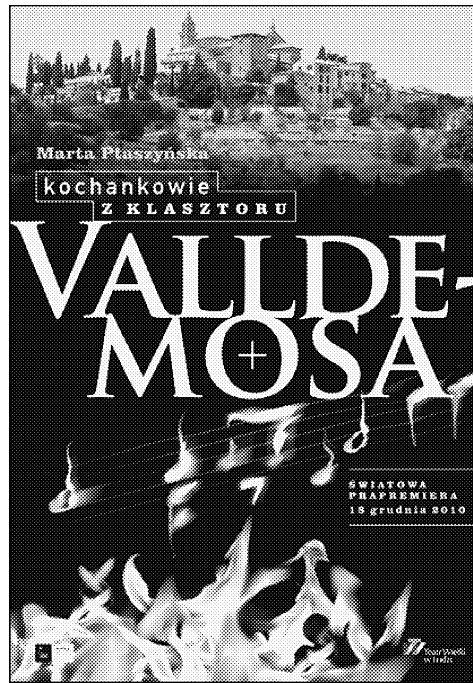
You can name any beneficiary, including a trust, without needing the consent of your spouse (although special rules may apply in community property states).

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Music News

By: **Marek Żebrowski and Krysta Close**

Ptaszyńska Premiere



A new opera by Polish composer Marta Ptasińska—*Kochankowie z klasztoru Valldemesa* [Lovers in the Cloister at Valldemesa]—has been premiered at the Grand Theater in Łódź, Poland on November 18 and 19, with an additional "express premiere" on November 26. The opera was commissioned by the Theater and the premiere was an important event marking the end of the 2010 Chopin Year. Music direction was provided by Wojciech Michniewski and set design by Tomasz Konina. The production was partly financed by Ministry of Culture and National Heritage.

The production of *Kochankowie z klasztoru Valldemesa* featured the following soloists—Fryderyk Chopin: ADAM ZDUNIKOWSKI; George Sand: AGNIESZKA MAKÓWKA; Amelia: PATRYCJA KRZESZOWSKA, DOROTA WÓJCİK; Maria Antonia, Milena: BERNADETTA GRABIAS, OLGA MAROSZEK; Solange: ALEKSANDRA BORKIEWICZ, ANITA BROWARSKA; Maurycy: KOSMA STAWICKI, ŁUKASZ ZAŁĘSKI; Senor Gomez: ANDRZEJ KOSTRZEWSKI, PRZEMYSŁAW REZNER; Medic 2, Captam: ANDRZEJ KOSTRZEWSKI, PRZEMYSŁAW REZNER; Medic 1, Adalbert: MARCIN CIECHOWICZ, KRZYSZTOF MARCINIAK; Medic 3, Furtian: GRZEGORZ SZOSTAK, ROBERT ULATOWSKI; The old lady: ZOFIA UZELAC.

The libretto of the opera was written by Marta Ptasińska and Janusz Krasny-Krasiński, based on Krasny-Krasiński's drama of the same title. In the opera, Chopin and George Sand are sailing to Majorca, a place they expect to be a paradise and hermitage where they can cherish their love. Unfortunately, it soon turns out that the reality of the rented residence at Son-Vent and of the cloister in the Valldemesa monastery does not match the idyllic image of life they envisioned.

Paderewski Competition results

The VIII International Paderewski Piano Competition in Bydgoszcz, Poland, held its 150th Anniversary edition of the Competition at the Academy of Music on November 7-21, 2010. As Artistic Director of the Competition, Piotr Paleczny emphasizes the rapid growth of this competition, which is the only competition in Poland other than the International Chopin Competition in Warsaw to be a member of the World Federation of Music Competitions in Geneva. Also notable is the continuing success of its Laureates, including Yulianna Avdeeva, who was the second place winner of the last edition in 2006 and then continued on to win the Grand Prize of the prestigious International Chopin Competition in Warsaw this year.

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Legal

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U visas for Victims of Crimes

In the last several months, we have covered the ways in which a woman victim of violence can obtain status in this country. Here, in the last segment of the series, we cover the U visa for crime victims, which can be used by any victim of a crime to apply for status with the Immigration Service if they can show they were harmed by a crime occurring in the United States and cooperate with the U.S. authorities in trying to apprehend or prosecute the perpetrator.

In 2000, the Congress authorized the U nonimmigrant status in the Victims of Trafficking and Violence Protection Act of 2000. The law's purpose is to further law enforcement goals and objectives against crime in immigrant communities. The visa was created in order "to strengthen the ability of law enforcement agencies to detect, investigate, and prosecute cases of domestic violence, sexual assault, trafficking of aliens, and other crimes...while offering protection to victims of such offenses in keeping with the humanitarian interests of the United States. This visa will encourage law enforcement officials to better serve immigrant crime victims and to prosecute crimes committed against aliens."

The usual U visa crime victim case will involve a female domestic or sexual violence victim who will be hesitant in coming forward to report her abuser for fear of contact with law enforcement agencies. U visa was created partly to protect victims who are traditionally vulnerable immigrant communities.

To qualify for a U visa, a person must show that:

the person has suffered substantial physical or mental abuse as a result of having been a victim of criminal activity in the United States;

the person ... possesses information concerning criminal activity;

the person has been helpful to a Federal, State, or local law enforcement official, including police and/or a prosecutor investigating the crime. The applicant must have suffered "substantial" harm as a result of the crime, although the crime can be emotional or physical.

To apply for a U Visa, a person must obtain the certification that they have been a crime and that they have cooperated with the police or prosecutor in the investigation of the crime.

A person can qualify for a U visa even if they are undocumented. Congress enacted the law to allow for a waiver to grounds of inadmissibility for non-immigrants applying for a U visa status.

After three years, a U-visa holder is eligible to apply for AOS if they have been physically present in the United States for a continuous period of at least three years since attaining the U-visa and their continued presence is justified on humanitarian grounds to ensure continuation of a cohesive family, or is otherwise in the best interest of the public. There is no numerical cap on U-visa adjustments. USCIS has sole jurisdiction, meaning decisions cannot be reviewed by an IJ.

The U visa is a useful tool for any woman or man, who can document that they were a victim of a crime here to legalize their status.

This article discusses legal issues. It is not intended to be a substitute for legal advice. We recommend that you get competent legal advice specific to your case. If you would like such advice from our office, call (415) 777-4445. □