



Your Taxes and Financial Matters

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Investments

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Investing in Equities and Fixed Income to help Create a Balanced Portfolio

Introduction to Asset Allocation

Your investment goals are unique to you. An important step toward achieving your goals is to include the appropriate mix of assets in your portfolio. This mix, known as 'asset allocation', is the balance of equities (stock), bonds (fixed income) and cash (or cash alternatives) within your portfolio. A core objective of asset allocation is to potentially increase the overall return for a given degree of risk, or to reduce the overall risk of a portfolio for a targeted level of return. Before deciding on your allocation you should consider your investment goals and your level of risk tolerance.

Investment Goals, Time Horizon, and Risk Tolerance

Are you looking to generate a predictable stream of income to meet living expenses? Or do you want to generate capital growth? Are you investing for retirement? If so, what is your retirement timeframe (5 years, 10 years, or more)? You should clearly define your investment goals and horizon.

A key to setting investment goals is to balance return expectations with your willingness to accept risk. It is important that you are comfortable with the amount of risk in your portfolio so that you will be able to stick with your investment strategy even through turbulent times.

You should strive to establish realistic expectations and carefully determine the appropriate investment time-frame for an investment plan. You may have multiple goals impacting your investment strategy, and accordingly may have multiple time horizons. Typical goals include payment of college tuition for your children, purchase of a home and retirement, among many others.

Revisit and Rebalance Your Allocation Regularly

Your investment goals, time horizon, and risk tolerance will evolve over time – your asset allocation should change with them. At the beginning of your career, you may be willing to take on more risk, as you have time on your side to recoup losses. You and your Financial Advisor may determine that it is appropriate to include a relatively high allocation to equities at this stage, as well fixed income instruments which focus on capturing high yields.

As you accumulate wealth, your needs may expand to include the purchase of property, the cost of education and impending retirement. You and your financial advisor may determine that you should reduce your exposure to riskier investments and increase your allocation to more highly rated investments, such as investment grade corporate bonds, mortgage backed securities and, if appropriate, tax-exempt municipal bonds²

Near the end of your career, you may have a much lower tolerance for risk as you look toward retirement and spending some of the wealth you have accumulated. Your focus may shift to income generation and principal protection at this stage, and you and your Financial Advisor may transition your allocation toward high quality fixed income instruments and away from more volatile securities.

Equally important is regular rebalancing of your portfolio to maintain your target allocation³. As markets change and different assets appreciate and depreciate differently, the relative weightings of each

Music News

By: **Marek Żebrowski and Krysta Close**

Poland's Minister of Culture at USC

Bogdan Zdrojewski, Poland's Minister of Culture and National Heritage, paid a visit to the USC campus on Thursday, April 23. Arriving with his assistant and accompanied by Paulina Kapuścińska, Consul General of the Republic of Poland in Los Angeles, Małgorzata Cup, Consul for Culture, Roman Czarny, former Consul for Culture, and film director Krzysztof Jankowski, Minister Zdrojewski toured the campus and met with Dr. Robert Cutietta, Dean of the Thornton School of Music.

During a brief afternoon ceremony inside Dean Cutietta's office, Minister Zdrojewski decorated the Dean with the Gloria Artis medal. This highly prestigious award recognizes the most outstanding individuals for their contributions to Polish culture and is usually bestowed upon the recipient upon the initiative of the Minister of Culture or other high government officials.

In his remarks to Dean Cutietta, Minister Zdrojewski summarized the long-standing relationship of the Thornton School of Music and the Polish Music Center at USC and the Dean's leading role in promoting Polish music and culture in Southern California. Dean Cutietta thanked the Minister for this very meaningful award and describing his advocacy of Polish music and cooperation with the Polish Music Center as "the right thing to do." In a special note, USC Provost C. L. Max Nikias congratulated Dean Cutietta and Thornton School of Music "on this magnificent and much-deserved honor," adding that "everyone at USC enthusiastically applauds you!"

Following the decoration ceremony, the Dean and Minister Zdrojewski stepped outside the Music School Building for a photo opportunity next to the monument of Ignacy Jan Paderewski. Paderewski—one of the most important pianists in the history of music—was also a statesman and a humanitarian and his accomplishments in the fields of music and diplomacy were recognized by USC with an honorary doctorate in February of 1923. Paderewski's monument at USC was unveiled by the PMC at a special ceremony in October 2007, during which Provost Nikias, Dean Cutietta, and Poland's Ambassador to the United States, Janusz Reiter, participated, alongside Consul Kapuścińska and numerous members of Polish community in Los Angeles.

The PMC's manuscript collection housed in the Special Collections Department in Doheny Library was the next stop on the Minister's USC itinerary. Manuscripts of compositions by leading contemporary Polish composers were on display, including several major orchestral works by Witold Lutosławski, Krzysztof Penderecki, and Krzysztof Meyer. Scores by Grażyna Bacewicz, whose centenary celebration was recently commemorated with a concert in USC's Newman Recital Hall, were also laid out for the Minister's viewing. Melinda Hayes, Head of Special Collections, prepared the exhibit for the Minister and welcomed him upon his arrival in the second floor Special Collections area. Representing the Dean of Libraries as well as the University cabinet on this important occasion were Emily E. Jordan, Deputy Director of Advancement, USC Libraries, and John D. McIntyre, Library Development Research Analyst.

The Polish Music Center in Stonier Hall was the last stop on the Minister's USC visit. Krysta Close, PMC Manager and Librarian, welcomed the Minister to the suite of rooms occupied by the Center. Director Marek Żebrowski introduced the



Legal

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Obama Administration Promises Sanctions against Employers of Undocumented Immigrants

By: **Christopher A. Kerosky**

The federal government announced a new policy of more aggressively pursuing prosecution of employers of illegal immigrants, changing the focus and methods of the Bush administration.

Starting in 2006, U.S. Immigration and Customs Enforcement (ICE) initiated stepped up enforcement against employers of the undocumented. ICE began aggressively bringing criminal and civil cases against employers and even seizing corporate assets.

Last year, 863 employers of illegal workers were arrested on criminal charges and over \$30 million in fines were imposed. Federal prosecutors began to charge employers with money laundering, harboring of illegal aliens, and violations of the Racketeer Influenced and Corrupt Organizations Act (RICO). 18 USC §1961 *et seq.* Courts have approved the use of federal laws creatively to prosecute those who hire illegal workers. One appeals court recently upheld a conviction of an employer for "harboring" an illegal alien if the employer had "knowledge or reckless disregard of the alien's unlawful status."

U.S. v. Kim, 193 F.3d 567 (2d Cir. 1999). Employers are now routinely being prosecuted under another criminal statute which prohibits the "practice of hiring or continuing the employment of an unauthorized alien." 8 USC §1324a.

See 8 USC §1324a(f). President Obama repeatedly stated in his campaign that he would be even tougher against those who hire undocumented immigrants. The first changes in Department of Homeland Security (DHS) policy are already evident in his first 100 days in office.

In February, Secretary of Homeland Security Janet Napolitano reversed past ICE policy in the handling of a raid on an industrial employer in Washington state. When she learned of the raid after the fact, Napolitano released the arrested illegal immigrants, gave them temporary status and work permission, and enlisted them to testify against the company that employed them. This represents a new tactic in the handling of such raids by the federal government. During the 8 years of the Bush Administration, undocumented workers were almost always arrested in raids and subsequently deported, some after being prosecuted for identity theft for using others' social security numbers. It was often difficult to prosecute the employers without the workers around to testify.

In the new guidelines just announced, the Department calls for more severe fines and criminal prosecution against employers found to violate these laws. The directives instruct ICE field offices and agents to focus on employers and supervisors. Moreover, they suggest the approach used in Washington may be employed more often: use the workers themselves to help prosecute their bosses.

"Enforcement efforts focused on employers, better target the root causes of illegal immigration" according to the new guidelines. "ICE must prioritize the criminal prosecution of actual employers who knowingly hire illegal workers because such employers are not sufficiently punished or deterred by the

Don't fall victim to a tax scam

If you're reading this on a day that ends in 'y', it's likely your e-mail inbox contains at least one message touting a too-good-to-be-true offer. You probably shake your head and delete the pleas from mysterious mock millionaires who need your help recovering imaginary inheritances.

But what do you do when the e-mail has the Internal Revenue Service web address in the FROM box and a subject line that claims you're about to be audited by the Criminal Investigation Division?

Step 1. Stop and think. You've never given the IRS your e-mail address in relation to your tax return. Even if you had, the government does not request personal information such as your bank account, credit card, or social security numbers via e-mail.

The payment consisted of two parts: a basic credit of up to \$1,200 for married filing jointly (\$600 for individuals), and an additional \$300 for each qualifying child.

Step 2. Without clicking on any links or responding to the e-mail, forward the entire message to the IRS (phishing@irs.gov). The IRS established this e-mail box in 2006 to investigate and shut down online fraud.

Note: You will not get a response, either online or off, from the IRS when you report scams.

Besides the audit subterfuge, other common e-mail tax schemes to know and avoid include a promise of additional money due, bogus government grants, and requests for you to check the status of your refund.

Tax scams never die, and they can be taxing.

Don't waste your tax refund

Expecting a tax refund this year? No doubt you've already heard the standard admonishment about why you should not be giving the government an interest-free loan. Maybe you've decided to "do better" during 2009 by revising your withholding or estimated tax payments to reduce the amount of next year's refund – or maybe you haven't.

Either way, set aside your guilt. Financial planning means creating effective strategies that work for you – which can include forcing yourself to save by overpaying your income tax during the year.

The more important consideration is what you do with the money you get back. Here are ideas for making the most of your refund.

Save. The unexpected happens. The question is, how do you pay the resulting bills? Parking part of your refund in a readily accessible location, such as a bank checking, savings, or money market account, will help you weather short-term, temporary setbacks without incurring penalties or transaction fees.

Spend. Spending your refund wisely can get your finances in shape and pay off over the long run. For instance, home improvements like energy-efficient windows or a new water heater may result in lower electric and insurance bills, utility company rebates, and tax credits. Refinancing your mortgage reduces your monthly cash outlay, freeing money for investing or saving. Ditto for paying down high-interest credit cards – so long as you resist the urge to reload them.

Self-invest. Using your refund to refresh your current career-related skills or to learn new ones can provide a double

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