



**Your Taxes and Financial Matters**

By: **Richard P. Król**

1 800 cpa-krol richard@cpakrol.com

Richard is on vacation

**Capture tax breaks when you refinance**

Did you refinance the mortgage on your home this year while interest rates were low? If so, be sure to put a copy of your closing statement in the file you're using to collect your 2009 tax information.

Why? Some of the settlement fees and closing costs might reduce your taxable income. For instance, points you paid to your lender in connection with the refinancing are typically considered deductible mortgage interest.

**Ways you can benefit include:**

As a general rule, you can claim an itemized deduction for a portion of the points each year during the life of the loan. *Example:* You paid \$4,500 in points when you refinanced the mortgage on your home in May. The new loan has a term of 15 years (180 months). Assuming you make six payments on the mortgage during 2009, you can take an itemized deduction of \$150 (\$4,500 divided by 180 months times six months). That's deductible in addition to regular mortgage interest you pay.

Did you use part of the refinancing proceeds to improve your home? In that case, the portion of the points associated with the improvements you made are fully deductible this year.

If you have not completely amortized or deducted the points you paid on your original mortgage, you can deduct the remaining balance in the year you refinance.

You may also qualify for other deductions when you refinance, such as premiums you pay for qualified mortgage insurance.

**Your business vehicle expenses are deductible**

You plot the fastest route to your client's office with an on-board navigation system. You use a hands-free cell phone to leave last-minute instructions for your staff on the way to the meeting. Your computer, presentation materials, and an extra shirt are in the back seat. In short, your vehicle is your office on wheels.

**It's also a tax deduction.**

*Here's what you need to know to reap the benefits.*

**Overview:** You can deduct auto expenses when you own or lease a vehicle and use it for business. Deliveries to customers,

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**Investments**

By: **Joanna Moran**

Financial Advisor  
(800) 473-1331 X 259  
joanna.brost@morganstanley.com

**Prepare Your Portfolio for a Turnaround**

The current bear market has been one of the most tumultuous ever for the financial markets - and among the most difficult for investors. But even the most severe bear markets turn around. Many investors may have made sensible adjustments in response to the crisis. As a result, however, their portfolios may no longer be aligned with their long-term goals. What's more, their current holdings may not be the ones that will benefit when the market does begin to rise.

Will you be ready when this economy turns upward and markets begin to recover? Even if your portfolio has suffered losses as a result of recent volatility, a long-term view is critical to helping you achieve your goals. So a consistent, patient approach is important. Your financial professional can be particularly helpful in this regard - and in helping you follow these basic principles:

**Don't try to time the market** - It may be tempting to move in and out of the market in search of fast gains or to avoid losses. But timing the market can have a big impact on opportunity lost if your assets are out of the market when it begins to move upward.

**Keep your investment goals in mind** - At times like these, it is a good idea to revisit your goals to ensure that your asset allocation and investment strategy are correctly aligned. Your Financial Advisor can help you define and categorize your short-, medium- and long-term goals and serve as a sounding board as you prioritize your goals and balance them to help meet your needs. By helping you develop an investment strategy that focuses on what matters most, your Financial Advisor can help you avoid making decisions based on short-term emotions.

**Remember investing fundamentals** - Balancing risk and return potential in your portfolio through asset allocation can be critical in this economic environment. Your Financial Advisor can work with you to help you assess the amount of risk that is appropriate for you and help you apportion assets among the basic asset classes, such as cash, equities and fixed income securities. Whether you seek optimal returns or to generate income from your portfolio, your Financial Advisor can help you determine an overall asset allocation and also help you diversify your portfolio within these asset classes.

**Diversify your holdings** - If your portfolio is properly diversified across and within asset classes, you may be able to take advantage of sectors and markets that are performing well, while protecting your portfolio from weaker performers. For example, in the equity sector, many investors are turning to companies with a steady record of consistent or maintained dividend payouts or payments, such as companies that focus on consumer staples like health care and telecommunications. While these types of stocks may help mitigate risk and volatility, fixed income securities, particularly those of high credit quality, may help to provide stability and diversification.

Are we on the verge of a recovery? Maybe not right away! But investors will want to be ready when the trends turn upward.

**For More Information**

If you would like to learn more, please write to us in care of

*News of Polonia - Investments*  
2245 E. Colorado Blvd. 104-177  
Pasadena, CA 91107

**Distribution of the News of Polonia in the San Diego area is through the generosity of Joanna Moran Financial Advisor**

**Music News**

By: **Marek Żebrowski and Krysta Close**

**Fruits of the Exchange:**

*Central Coast Youth and Wines in Poland*

Following up on the cooperation agreement signed in November 2008 between Frank Mecham, former Mayor of Paso Robles, and Mieczysław Kras, Supervisor of the Tarnów District, the first cultural exchange between the two cities was officially inaugurated in June of this year. Three young pianists from California—finalists of the 2007 and 2008 Paderewski Youth Piano Competition in Paso Robles—were invited for a week of workshops and master-classes at the manor house on the estate Paderewski once owned in Kańska Dolna, 25 miles south of Tarnów. The young Americans were joined by three Polish counterparts, all of whom were selected for the program by the Director of the Paderewski Center in Kańska Dolna, Madame Krystyna Szymańska and her board. Tarnów City Council President, Ryszard Żądło, together with the District Supervisor Kras and the Paderewski Center provided accommodations, daily catering, sightseeing excursions, and transportation for all participants. Workshops and master-classes were conducted by pianist Marek Żebrowski and, at the end of program, the participating musicians presented a recital at the manor house on June 27, 2009.

Matthew Fauria, Rory McClish, and Lindsay Reed arrived in Kraków on June 20, accompanied by a chaperone, Teresa McClish, Rory's mother. The next morning the American visitors took a walking tour of Kraków's most important tourist attractions, including the Royal Castle, Cathedral, Old Town Square and Market, and sampled local cuisine and tasty ice cream treats. Late in the afternoon, Mr. Ryszard Zabielný, Deputy Director of the Paderewski Center in Kańska Dolna, arrived to transport the participants to the Paderewski estate in Kańska Dolna. The two-hour trip from Kraków on picturesque country roads gave the visitors—for whom this was their first trip to Europe—a good taste of the adventures that were still to come. Upon arrival at the manor house they were greeted by the staff with supper, served at the office building right next to the manor. Formerly used to house the servants and farm employees, the building has been attractively renovated and converted into a comfortable hotel. For the next eight days it served as a base for all activities of the group.

Piano workshops, conducted by Marek Żebrowski and an assistant, Klaudia Kukla, a native of Tarnów who currently studies piano in Oklahoma, began on Monday, June 22. All music classes were held in the manor house, which has several grand pianos located throughout its spacious interior. Courses began each morning at 10 and ended at 7 p.m. with a break for lunch. Each participant had 2 private one-hour lesson per day, with Mr. Żebrowski and Ms. Kukla, and the rest of the day was spent practicing. Barbara Doroszuk, Marian Michalski, and Alicja Wójtowicz were the young Polish participants, also winners of various local competitions.

Two afternoons—Tuesday, June 23 and Thursday, June 25—were devoted to sight-seeing. City Council President, Ryszard Żądło, gave a detailed tour of Tarnów, narrating its fascinating 800-year history. After a treat of hot chocolate and delicious cakes, the group walked around Tarnów's beautiful Old Town Square with its Renaissance City Hall and the Cathedral. A brief visit to an old farmhouse that was once an inn for travelers and now serves as the museum of history of the Roma people (the only such institution in Europe) gave the American tourists a chance to imagine the lives of various nationalities that inhabited that part of Europe for centuries. A quick dash to the elegant *fin-de-siècle* hotel across the street saved the group from a violent afternoon thunderstorm which soaked this charming hillside town.

The Thursday sightseeing trip took the *Music News to page 9*



**Legal**

By: **Christopher Kerosky, Esq.**

Ckerosky  
@youradwokat.com

**Obama administration launches audits of businesses for immigration violations.**

This summer, the Obama Administration announced a series of major decisions on immigration policy that could have a direct effect on local businesses that employ immigrants.

First, the Department of Homeland Security announced that it was expanding the eVerify program, an automated system for verifying a potential employees' right to work. The program is now mandatory for all companies with federal government contracts. Future expansion of the program is likely.

Second, the Social Security Administration decided to drop its no-match letter regulations, announced last year by the Bush Administration. The SSA's no match letters were sent to employers when the payroll information reported by them did not match the department's information regarding a certain social security number. The Bush Administration had proposed requiring employers to terminate employees in such situations where the employee could not prove his or her right to work.

The Obama Administration's decision not to implement the no-match letter regulations, however, does not mean that such letters can be ignored. An employer's failure to investigate indications of discrepancies in the information provided by an employee can still be a basis for penalties and fines against an employer.

Instead, the Department of Homeland Security's office of Immigration and Customs Enforcement (ICE) is launching an aggressive new audit initiative, intended to address the employment of undocumented immigrants another way.

In July, the agency issued Notices of Inspection (NOIs) to hundreds of businesses exceeding in one month the number ICE issued throughout all of last fiscal year. The notices alert business owners that ICE will be inspecting their hiring records to determine whether or not they are complying with employment eligibility verification laws and regulations.

The inspections reflect the Obama Administration's increased focus on holding employers accountable for hiring practices that violate immigration laws.

"ICE is committed to establishing a meaningful I-9 inspection program to promote compliance with the law. This nationwide effort is a first step in ICE's long-term strategy to address and deter illegal employment," said Department of Homeland Security Assistant Secretary for ICE John Morton.

Employers are required to complete and retain a Form I-9 for each individual they hire for employment in the United States. This form requires employers to review and record the individual's identity document(s) and determine whether the document(s) reasonably appear to be genuine and related to the individual.

**In FY 2008, ICE issued 503 similar notices throughout the year.**

As reported earlier, in April, ICE implemented a new policy regarding raids of employers of immigrants, focusing its resources on the auditing and investigation of employers suspected of knowingly employing illegal workers. □

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