



Your Taxes and Financial Matters

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Emergency savings... How much is enough?

We all need an emergency fund, but what's considered "an emergency?" Any unexpected hit to your finances, including layoffs, unanticipated illnesses, and natural disasters. Car insurance premiums and regular home maintenance are (or should be) anticipated, so they're not emergencies. The same is true of credit card bills for vacations and visits to the dentist's office. An emergency fund is designed to keep your life intact during temporary setbacks and to help you avoid unnecessary debt.

How much emergency savings is enough?

In general, your emergency fund should cover three to six months of expenses. How much you will need will vary based on your financial situation, including the vulnerability of your income. For example, a one-earner household is more vulnerable than a two-earner household when it comes to paychecks. So the one-earner family generally should set aside more for emergencies. Or if you don't have disability insurance, you might consider setting aside a bigger balance in an emergency account. Some companies provide payment for accrued vacation and/or sick leave to laid off employees. If your company provides such benefits and you maintain significant balances in these accounts, you may not need as much in an emergency fund (at least to help you weather an unexpected layoff).

Another factor to consider is your ongoing debt payments.

Putting excess cash toward high interest credit card balances might make more sense than funding a savings account that earns four percent interest. Also, in a true emergency some spending can be reduced and postponed, such as retirement plan contributions, vacations, and entertainment. Ask yourself, "How much will I need to cover my minimum monthly expenses without resorting to credit cards or lines of credit?" That's a good starting point for determining how much to set aside in an emergency fund.

Once you have a savings goal in mind, don't wait. You can start small and increase contributions as you receive pay increases or windfalls. The money should be liquid (i.e. easy to get at) so don't put it in investments with withdrawal penalties. A savings or money market account is a great place to set aside cash for a rainy day.

Then post a sign on the account: "Only use in case of emergency."

Tax tips when you change jobs

Planning to change employers this year? As you look forward to starting your new job, you're probably not thinking about taxes. But actions you take now can have an impact next April – and beyond.

Here are three tax-smart tips:

Roll your retirement plan.

You may be tempted to cash out the balance in your employer-sponsored plan (such as a 401k). But remember that distributions from these plans are generally taxable.

Instead, ask your plan administrator to make a direct rollover to your IRA or another qualified plan. If you're under age 59½, this decision also avoids the additional 10% penalty on early distributions. Bonus: Your retirement money will continue to grow tax-deferred.

Adjust your withholding.

Assess your overall tax situation before you complete Form W-4 for your new employer. Did you receive severance pay, unemployment compensation, or other taxable income? You might need to increase your withholding to avoid an unexpected tax bill when you file your return.

Keep track of your job-related expenses.

Unreimbursed employment agency fees, résumé preparation costs, and certain travel expenses can be claimed as itemized deductions.

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Music News

By: **Marek Żebrowski and Krysta Close**

Moniuszko - Polish Patriot & Musician

June 4th marks the 135th anniversary of Stanisław Moniuszko's death. Together with Frederic Chopin, he is one of the most important composers in the history of Polish music in the nineteenth century. While Chopin wrote mainly for the piano, Moniuszko is primarily remembered for his vocal music. Both composers were ardent patriots, proudly drawing on the rich heritage of Polish musical traditions, an important factor given the precarious political condition of Poland during the partitions. Most of Chopin's deeply innovative Mazurkas and majestically moving Polonaises were written during the years of his Parisian exile. Drawing on the same national traditions, Moniuszko's compositions were written in Poland with a desire to keep the patriotic flame alive during the difficult years of struggle for independence.

Stanisław Moniuszko was born on May 5, 1819, in Ubiel, and came from a deeply patriotic family of landowners in Eastern Poland. Moniuszko's early years were spent in nearby Minsk, now the capital of Belarus. His talent for music manifested itself early with a few early piano Mazurkas that Moniuszko dedicated to his future wife. In 1837 he went to study composition in Berlin. Only a year later a few of his songs for voice and piano were published there and Moniuszko's career was launched.

Back in Poland in 1840, Moniuszko moved to Wilno (Vilna is the capital of Lithuania today), where he held the post of organist and music director at the church of St. John. His proximity during this time to one of the most important religious monuments in Poland, Wilno's miraculous Madonna of Ostra Brama, account for a great number of religious works in Moniuszko's catalogue. These include *Litanie ostrobramskie* [The Ostra Brama Litanies], seven masses, and numerous other smaller choral and solo works.

Moniuszko's contact with the literary circles of Wilno and Warsaw - especially through friendships with Józef Ignacy Kraszewski, Aleksander Fredro, and the folk-song-collector Oskar Kolberg - awakened his interest in drama and the richness of Polish folklore. These links eventually led Moniuszko to become the preeminent composer of Polish national operas.

One of his best-known operatic works, *Halka*, is a story of a simple girl who is seduced and abandoned by a magnate. First given in a concert version in Wilno in 1848, it was quickly repeated in St. Petersburg, alongside the orchestral overture *Bajka* [A Fairy Tale], and the cantata, *Milda*. The success of these performances led Moniuszko to substantially revise and expand *Halka*'s score. The premiere of *Halka*'s new version in Warsaw on 1 January 1858 established Moniuszko's reputation not only in Poland's capital, but also throughout Central Europe, as the opera was performed in Prague, Moscow, and St. Petersburg.

Encouraged by his stage triumphs, Moniuszko moved his family to Warsaw in 1859. His incredible string of operas began in 1858 with *Flis* [The Raftsmen] and *Hrabina* [The Countess] written in 1859. These two exceptional works were followed by *Verbum nobile* in 1860 and *Straszny dwór* [The Haunted Manor] in 1865. All of Moniuszko's operas depict the special realm of the Polish countryside, populated by the landed gentry and peasants, and portrayed with great deal of wit and charm as well as pride. All of Moniuszko's operas instantly entered the national repertory and have stayed there ever since. Several of the ballet interludes incorporate Poland's most cherished dances, like the Polonaise, Mazurka, Oberek, and Kujawiak. The "Grand Mazurka" from the *Haunted Manor* became an immediate hit and it remains so to this day.

Moniuszko must also be remembered for his music for voice and piano. He wrote

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Investments

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Real Illusions: How We Trick Ourselves about Finances

We all like to think that we make rational and wise decisions when managing our money. But most of us are influenced far more by our emotions than our brains. Why do smart people make irrational investment decisions so commonly and so easily? The fascinating study of behavioral economics and decision science fills many books, but let's look at a few of the ways in which investors' minds play tricks on them.

The Timid Bunny - Worrying Over Risk

Why do so many people bank their money in savings accounts, CDs and money markets when they are often actually losing money if measured against inflation and taxes? Some people do it because they are so fearful of risk that they don't consider that such fixed investments are not risk-free. The interest credited to your account each month is subject to the likelihood of shrinking purchasing power, especially over time. A canoeist struggling to get upstream against current and wind will have the illusion of movement, but he will have to switch to a boat with a motor to make real progress.

The Hoarding Pack Rat - Treasuring What We Own

The preference to keep things the way they are is called the "status quo bias." We tend to fall in love with what we own and stick to the familiar even if we would likely be financially better off with a different investment. We validate our prior choice by sticking with it. What we know feels better than what we don't know.

The Foolish Sheep - Fearing Loss

We are so averse to accepting loss that we will throw good money after bad. This is sometimes called the "sunk cost fallacy" - our inability to let go of money that's already been spent or lost. We will invest more money on car repairs simply because we've already spent so much on the car. Rather than evaluate a losing investment on its cost - as we are prone to do - it makes more sense to assess its current potential for loss or gain. If you would not choose to buy that investment today, then why do you make the choice every day to keep your money invested in it? Usually, it is because you are focusing on the past - what you have already spent. But it has no relevance to the future.

The Little Chicken - Focusing on the Negative

We feel the pain that comes from loss more acutely than we do the pleasure from an equal or greater gain. If you invest \$100,000 in a stock portfolio, and it rises in value to \$150,000 but then drops to \$130,000, you are more likely to be motivated by the disappointment in your "loss" of \$20,000 than the pleasure in your gain of \$30,000. You may focus on your phantom loss rather than your available gain. This can lead you to be less willing to sell a profitable stock and buy an undervalued one, even though we have all heard that it makes more sense to buy low and sell high.

The Stubborn Mule - Refusing to Change

We frequently decide not to decide, and that inaction can cost serious money. There

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Legal

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Immigration Law breakthrough

By: **Christopher A. Kerosky, Esq.**

A bi-partisan group of Senators and two Cabinet secretaries from the Bush Administration announced the terms of a proposed law would largely restructure the shape of immigration law, creating a point system for eligibility for green cards, and reducing the role of family sponsorship.

The law would also provide a method for persons in this country without status to obtain legal status again and ultimately a green card.

Because the proposal has bi-partisan support and the endorsement of the Bush Administration, it is expected to have a good chance at approval by the Congress. The expectation is that a final version of the law will be approved by the end of August.

Legalization Provisions of the Proposed Law.

The proposed legalization provisions in the law would apply to all those who were illegally in the U.S. before January, 2007. These persons would be able to apply a special 4-year Z visa: the principal or employed applicant would receive a Z-1 visa; the spouse or elderly parent of that applicant, a Z-2 visa and any minor children of that applicant would receive a Z-3 visa.

Once applicants submit a completed application, they would receive probationary benefits which give them temporary legal status here. After further background checks are completed and certain benchmarks are met in border enforcement, the applicant would be eligible to receive the four-year visa. The visa could later be renewed for another 4-year term.

To apply, a person seeking Z status must be currently employed and pay various fees and penalties. The bill provides for a one-year long application period.

These presently undocumented immigrants would have a chance to apply for permanent residence, but only after paying a larger fine, proving their English skills and paying back taxes. Applications for permanent residence would have to be filed by the head of household in their country of origin.

These Z visa holders would be put at the back of the line for the path to residency and citizenship. It is believed it would be at least eight years before they were eligible for a green card and 13 years before they would be eligible for U.S. citizenship. However, there is a shorter waiting period for youth: individuals under the age of 30 that were brought to the United States as minors are eligible to receive their green card after 3 years rather than 8.

Other Terms of the Proposed Law

This bill contains the following terms:

- ♦ a guest worker program providing for up to 400,000 visas per year for non-professional positions such as restaurant workers, factory labor, and construction;
- ♦ an increase in H-1B visas from 65,000 to 110,000 for higher-skilled positions;
- ♦ a one-time increase in family-based and employment-based permanent residence visas to help alleviate the immense backlog that exists;
- ♦ restructuring of the current employment based green card system by introduction of a merit based points system, and increased emphasis on skills-based immigration rather than family unity.
- ♦ creation of a verification system for employers to check on the legal status of workers they hire, along with a requirement that employers verify the legal status of all of their employees
- ♦ enhanced border controls, construction of a border wall with Mexico, and higher penalties for the employment of undocumented immigrants

Restructuring the Permanent Residence System.

One of the most controversial parts of the bill would replace the current employment

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News of Polonia
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