



Your Taxes and Financial Matters

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Tax-cutting time is ticking away

Check your tax situation before it's too late to act

The tax moves you make, or fail to make, before the end of the year can have a major impact on you and your business. Consider the following suggestions in light of new tax laws and other developments.

Time your moves

All things being equal, the conventional tax-cutting wisdom is to push taxable income from this year into next year and pull deductions from next year into this year. The reason is simple: You generally aren't taxed on income pushed into 2008 until you file your 2008 return in 2009. At the same time, deductions pulled into 2007 can reduce the tax bill you must pay in a few short months.

To push income into 2008, consider these suggestions:

Invest in obligations that will not mature until 2008. For example, buy short-term certificates of deposit (CDs) or Treasuries with 2008 maturity dates.

Postpone taking capital gains until next year, especially if the sale then qualifies for lower long-term tax rates.

To pull deductions into 2007, you might do the following:

If medical expenses will be deductible this year, squeeze additional medical services into 2007.

Accelerate state and local income tax payments due in January. The taxes are deductible in 2007 if paid this year.

Pay a college student's next semester tuition in December if you will qualify for the tuition deduction (maximum deduction of \$2,000 or \$4,000 depending on your income).

Be generous

If you donate appreciated property you can generally deduct the property's fair market value if you've owned it for more than a year.

This year you can make charitable gifts up to \$100,000 directly from your IRA if you're age 70 ½ or over. Your donation is not included in, nor deductible from your income, but it does count as part of your annual required minimum distribution.

You might consider charging charitable donations via credit card in late December. You can then deduct the gifts on your 2007 return, although you don't pay off the charges until 2008.

Have a capital idea

As the year draws to a close, plan transactions to offset capital gains and losses. A net long-term capital gain for 2007 is taxed at a maximum 15% tax rate (5% for individuals in the regular 10% or 15% tax brackets).

Watch out for the "wash sale rule." If you reacquire substantially identical securities within 30 days of a sale, you can't deduct a loss from the sale.

Focus on retirement

There are steps you can take now to help build a nest egg for your future.

Increase deferrals to a 401(k) plan. The maximum you can set aside for 2007 is \$15,500 (\$20,500 if you're age 50 or over).

If you don't have a qualified plan for your business, start one. For instance, you can set up a Keogh plan if you're self-employed. You have until your tax return due date (plus extensions) to make 2007 contributions, but the Keogh must be established by year-end.

Don't forget about IRAs. For 2007, you can contribute \$4,000 (\$5,000 if you're 50 or older).

Check the home front

If you're among the thousands who bought a home, refinanced a home mortgage, took out a home-equity loan, or faced foreclosure on a mortgage this year, be sure you factor the tax consequences into

Taxes to page 16

Music News

By: **Marek Żebrowski and Krysta Close**

Polish Voices Sing

It is an exciting and powerful time for Polish vocal music - from musicologists, to opera divas, to choirs of many, everybody seems to be singing. In historical news, the manuscript of what appears to be the oldest example of Polish opera has been discovered in the library of the University of Poznań. The piece had been listed as a hunting cantata in the catalogue, but was discovered to be a true opera by a musicologist from the Academy of Music in Warsaw. All that is known about the work so far is that it is about a hare hunt and that it dates from the early 18th century. More exploration and restoration of the manuscript will follow and undoubtedly reveal many more details. The ensemble Accademia dell'Arcadia is already planning a performance of the piece. If you would like to hear more about this discovery, an internet broadcast is available from the External Service of Polish Radio, including sound clips of what had previously been considered the oldest Polish opera, at: www.polskieradio.pl/zagranica/news/artykul70114.html.

On stage, Polish baritone Mariusz Kwiecień has been making audiences swoon, with his lyrical voice, handsome face, and commanding stage presence. His performance of the title role in Mozart's Don Giovanni at the San Francisco opera this summer was a smashing success. Regarding Kwiecień's "riveting" performance, Associated Press reviewer Mike Silverman writes, "[Elza van den Heever] was a worthy foil for Kwiecień, who brought the Don to life with a combination of swaggering charm and brutality that made the character electrically alive and dangerous. No one else in the cast was quite on their level [...]"

Recently, Kwiecień is taking on a different challenge, that of the solo recital performance, as he completes his North American recital tour. Having delighted audiences in Kansas City, New York, and Vancouver, he continues on to Fort Worth, Berkeley, and Washington D.C. in December. The program of his recital consists of Schumann's Dichterliebe, Ravel's Don Quichotte à Dulcinée, and assorted songs by Tchaikovsky and Karłowicz. Joshua Kosman of the San Francisco Chronicle, in his article "Baritone Mariusz Kwiecień, 100 percent heart, to sing in Berkeley," quotes Kwiecień's opinion regarding the challenge of singing recitals versus operas: "In 'Don Giovanni'... I only need this energy for short periods. I give, give, give, and then I rest. But in a recital, you start to give, and two hours later you're still giving... You have to be able to sell not only yourself but also the music and the poetry, all the time. It's very challenging to create this special energy between you and the audience."

On the choral front, music of protest is the order of the day. In Philadelphia, the Mendelssohn Club presented a November 3rd concert of subtle protest, which aptly began with Karol Szymanowski's Stabat Mater (1926). In his article entitled "War protest through choral music" in the Philadelphia Inquirer, reviewer Dan Webster reminds us that "Szymanowski's work mourned many things, personal and philosophical." The rest of the evening's program consisted of the Philadelphia premiere of John Adams' On the Transmigration of Souls and the second performance of James Primosch's Fire-

Music News to page 16

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Investments

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Do a Good Turn, Make a Qualified Charitable Distribution From Your IRA

Do you have an IRA? Are you 70 ½ or older? Is financial support of charities that are dear to your heart important to you?

Then there's good news for you. Congress has encouraged individuals who are 70 ½ and over to make charitable donations and in the process, benefit themselves. However, the opportunity exists for a limited time—only through December 31, 2007, unless extended by Congress.

The Pension Protection Act of 2006 included a provision which allows Traditional and Roth IRA owners who have attained age 70 ½ the ability to make charitable contributions of up to \$100,000 per year *directly* from their IRAs to an eligible charitable organization without incurring any adverse federal income tax consequences. (Owners of Traditional IRAs must begin taking Required Minimum Distributions once they turn 70 ½. Roth IRAs do not have Required Minimum Distributions.) Distributions from SEP, SIMPLE and SAR-SEP IRAs are not currently eligible.

The Advantages for the Donor

When you make a contribution to a favorite charity, there's always satisfaction in knowing that you've helped them advance their mission. But there are additional benefits to making a charitable donation this way:

The amount of the IRA distribution that is directed to a charitable organization is not included in the donor's adjusted gross income.

The amount of the IRA distribution that is directed to a qualified charitable organization is not included in calculating an individual taxpayer's limitation on charitable deductions. For a generous individual, this is important since there are deduction ceilings depending on the type of donation and the nature of the charity, and an annual ceiling based on adjusted gross income.

Owners of Traditional IRAs may satisfy all or part of their Required Minimum Distributions.

Taxpayers Who Are Most Likely to Benefit

Because of these advantages, making a charitable contribution this way will be particularly beneficial to taxpayers who are:

Individuals in high tax brackets since the distribution will not be included in AGI

Individuals who do not itemize deductions. (A direct gift from an IRA will avoid the additional income tax otherwise payable if the distribution was first included in AGI and then the Standard Deduction was taken.)

Very generous charitable donors who may be giving the maximum permissible amount each year (i.e., 50% of AGI). A direct gift from an IRA does not count toward the limit.

Watch Out for These Snags

There are some pitfalls to avoid when making charitable contributions from your IRA.

Investments to page 16

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Legal

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Dream Act defeated in Senate

The efforts to bring about rational immigration policy were dealt another blow recently when the United States Senate failed to pass a bill that would have offered a path to permanent residence for certain student immigrants. The proposed law -- the Development, Relief and Education Act for Minors Act of 2007 ("DREAM Act") -- did not get the required 60 votes to close debate in the Senate and bring about a vote on the legislation.

Terms of the Legislation.

The bill would have amended the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 to authorize the adjustment to permanent resident status of certain alien students who are long-term United States residents and who entered the United States as children.

The law would have applied only to immigrants who came to the United States prior to their 16th birthday and had not yet turned 30 years old. Applicants would also be required to be of good moral character.

Those eligible under the proposed law would obtain a temporary conditional residence for up to six years. During that time, applicants would receive work permission and protection from deportation. Those immigrants who finished at least two years of college or two years of the military within that six year time period would qualify for permanent residence.

The bill would offer no legalization or other legal status to the parents or other relatives of those qualifying under the Act.

Vote in the Senate.

The bill had a large contingent of bi-partisan sponsors who highlighted the model lives of certain students here illegally that would have benefited from the Act. However, the law was opposed by blocs of conservatives as "another amnesty". Radio talk show hosts and anti-immigrant groups attacked the bill as "encouraging illegal immigration", despite the very narrow scope of the legislation.

The law was supported by only 52 Senators, eight less than required to close the debate and approve the legislation. Most of the legislation's opponents were Republicans, but several Southern and Western Democrats also voted against the bill.

This was almost exactly the same coalition of anti-immigrant conservatives that defeated the immigration reform legislation this summer.

Prospects for Future Legislation.

The defeat of this legislation means there is even less hope for reasonable immigration reform in the next several years. Despite the fact that the next election is over 12 months away, many border state Democrats refused to support their party leadership and voted against the bill, apparently fearful of a backlash from anti-immigrant constituents. These same Senators -- including Democratic Senators from Missouri, Louisiana, West Virginia and Arkansas -- also voted against the comprehensive immigration reform that was defeated in July. It appears that these politicians are heeding the small but vocal opposition to immigration reform, rather than the majority of the American people who have repeatedly indicated their support for such legislation.

For now, it appears unlikely that supporters of immigration reform can expect to overcome these strident anti-immigrant forces in the political arena. Only through better political organization and activism can the immigrant community expect to obtain victory in the highly-partisan atmosphere that is American politics today.

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