



Your Taxes and Financial Matters

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Paderewski Festival

A "Toast to Paderewski"
Concert Announcement

A "Toast to Paderewski" Concert dedicated to the memory of those killed in the recent Polish Air Tragedy.

As you all know, Paso Robles and the Paderewski Festival have close ties in Poland. In June 2008, our Festival Board traveled to Poland for a week of meetings and tours in connection with our festival. Undoubtedly, the highlight of the trip was our meeting with Poland's First Lady, Madame Maria Kaczyńska, in the Presidential Palace. The news of the terrible plane crash and her death is heartbreaking, not only because of the massive loss of life, but also the importance and significance of their tragic journey. The tragedy is especially tough, as we met both the First Lady and her wonderful Chief of Staff, who also died in the plane crash. I will briefly share my memory of that visit on June 26, 2008 with Ms. Kaczyńska. There were six of us who made the journey to Poland. Frank Mecham, Steve Cass, Paula O'Farrell, Rachel Hamilton, Marek Zebrowski and myself. We were lucky enough to be staying at the Le Bristol Meridien, which was built and owned by I.J. Paderewski, and sits literally right next door to the Presidential Palace. We walked next door, went through security, and were ushered into a waiting area just outside the Blue Salon of the Palace. We were told that we'd probably only have 15 or 20 minutes with the First Lady. Soon we were met by her Chief of Staff, Izabela Tomaszewska, and the First Lady, Maria Kaczyńska. She greeted each of us by name and mentioned something unique to each of us (and she spoke good English). She must have done her homework. The first thing she said to me as she shook my hand was "your grandmother must be so proud!". It was such a wonderful and special moment, as my grandmother, Virginia Peterson, founded the Paderewski Festival in 1991. We all sat for tea in the Blue Salon and talked about Paderewski, the festival, Paso Robles, her travels and so many other topics. That lasted at least 45 minutes before we went out to the balcony for photos. At that point, Frank Mecham presented her with our official gifts - wine from Paso Robles, a city pin from Paso Robles and a clock. She also gave each of us gifts from her and we took photos. It was truly a special experience, as we spent over an hour with Ms. Kaczyńska and her staff. They were gracious, smart, inquisitive and eager to learn more about our goals for the Paderewski Festival in Paso Robles. I will never forget that day.

Marek knew other people on the plane as well and has been fielding calls since Saturday morning. His work with the government in Poland is one of the keys to success for our Festival and my heart aches over the sorrow he and others are feeling. It is truly not only a national tragedy for Poland, but one for the world. I was just in Poland two weeks ago, working to get our wines imported to Poland and met with the US Ambassador and his wife at his residence in Warsaw. It is truly surreal to see the images of thousands of people mourning where I was walking just days ago.

To see the article about our trip, please visit our news page of our website http://www.paderewskifest.com/news_20080708.html

As you know, we are holding a special fundraising concert and wine-tasting on Saturday, April 24 at Pear Valley Winery in Paso Robles. All the funds will go to the cultural exchange program for the festival which sends students from Paso Robles to Poland and vice-versa. Marek is composing a special piece just for the

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Why Poland's grief is doubled

New York (CNN) – In an April 11 special report to CNN, Alex Storożyński reported... The tragic death of President Lech Kaczyński and Poland's political and military elite among the trees of the Katyn Forest is surreal, given that in those same woods, thousands of Polish prisoners of war were murdered by Joseph Stalin's secret police.

The delegation was headed for the Katyn Forest near Smolensk, Russia, to honor the 22,000 Polish prisoners of war killed 70 years ago by the Soviet Union's NKVD, forerunner of the KGB.

In 1940, Stalin ordered the assassination of Poland's military and political leaders in order to create a leadership vacuum so he could prop up a Communist puppet state in Warsaw.

Many of those killed in Saturday's plane crash helped to overturn Soviet Communism in Poland in 1990. They included Poland's top generals, several bishops, the head of the national bank and several deputy government ministers.

During the five decades of Soviet occupation of Poland in the Cold War, the Russians covered up the Katyn Massacre, claiming that Nazi Germany had murdered these officers. But forensic evidence found in mass graves proved that the Polish prisoners were taken into the woods, with their hands tied behind their backs, and one by one, they were shot dead in the back of the head by the Russians. The mass graves were discovered by German soldiers in 1943 when they saw paw-prints of wolves that had been digging up the bones.

In 1990, after the collapse of the Soviet Union, the truth began to slowly emerge with revelations by Russian leaders Mikhail Gorbachev and Boris Yeltsin.

It's no secret that Moscow was not excited about Kaczyński's visit to Katyn, because he demanded to know the full truth about the murders. For the Kremlin, the official commemoration took place last Wednesday when Russian Prime Minister Vladimir Putin and Kaczyński's political rival, Polish Prime Minister Donald Tusk, took part in ceremonies at the same gravesite where Kaczyński was heading.

But Kaczyński's delegation included family members of murdered officers who wanted the Russian government to open all of the remaining archives concerning the massacre.

For decades, the cries of Polish families who want to know what happened to their loved ones have fallen on deaf ears. Kaczyński was their voice.

Many will no doubt compare this crash to the 1943 death of Polish Prime Minister Gen. Władysław Sikorski, who died mysteriously when his plane crashed into the sea near Gibraltar after he asked the International Red Cross to investigate the Katyn Massacre. At the time, the American and British governments were not willing to address the massacre because they were trying to help the Soviet Union fight Nazi Germany on the Eastern front.

Let us hope the flight data recordings from Kaczyński's downed plane will provide enough evidence to dissuade conspiracy theorists.

Ironically, because of Kaczyński's death, more people have already heard about the Katyn Massacre than would have heard about it had he simply placed a wreath at the gravesite. For those Polish officers in the mass graves at Katyn, Lech Kaczyński's death was not in vain.

Many Russian government officials appeared on Polish television after the disaster expressing sincere regrets over the death of Kaczyński and his delegation. Putin has flown to Smolensk, where he said that he would oversee the investigation into the crash. Hopefully, these are signs that this tragedy will

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Roth: To Convert or Not to Convert

New regulatory changes make it easier than ever to convert a Traditional IRA or employer-sponsored retirement plans to a Roth IRA—even if you didn't qualify in the past because of your income level. That can mean the retirement assets you are working hard to build now, will one day become retirement income, free of tax.

You may have read that tax law changes went into effect in January that made *everyone* eligible for a Roth IRA conversion, regardless of income level or tax filing status. What's so special about a Roth IRA? The assets you are working hard to build now will become tax-free income in retirement. Rather than paying taxes when you *withdraw* the funds in retirement, you pay taxes on the assets when you *invest* in a Roth IRA. If you have a Traditional IRA or an employer-sponsored retirement plan, you may be wondering if you should convert those savings to a Roth IRA. There is no one definitive answer to that question, but following are a number of reasons why, depending on your personal financial situation, converting an existing retirement plan to a Roth IRA could help you meet your financial goals.

You don't expect to need all of the funds when you retire.

With a Traditional IRA, you must stop contributing and start taking minimum distributions from your account at age 70½. Roth IRAs have no such age restrictions: there's no contribution cutoff, provided income requirements are met, and no rule that you must begin tapping your account at age 70½. Your funds have the potential to grow tax-deferred as long as you want and you gain greater control over your income in retirement. You can tailor withdrawal amounts to your actual income needs—or eliminate them altogether in any given year.

So if you are past age 70½ and would like to quit taking those required minimum distributions, you may still have the option to convert some or all of your IRA into a Roth, allowing those funds to have the potential to grow tax-free for your own needs later in life or for your heirs. Note that you will need to pay taxes on the taxable amount of the IRA at the time of the conversion, so you should review this option carefully with your tax advisor before electing to convert to a Roth IRA. Also, the funds may only be converted after any current year required minimum distributions have been withdrawn.

You want to leave a lasting financial legacy to your heirs.

If you won't need your IRA to fund your retirement income, a Roth IRA can be an effective wealth planning tool, since heirs can enjoy continued asset growth potential without paying taxes when they withdraw assets. By using a "stretch IRA" strategy, you can extend the tax-deferred growth potential and tax-free income benefits of your Roth IRA across multiple generations. This works by taking advantage of the fact that, while the beneficiaries of your Roth IRA (other than your spouse) will be required to take minimum distributions annually after your death, those distribution amounts will be calculated using a life-expectancy factor based on their own age, not your age. This allows more of the funds to remain in the account longer, continually reaping the benefits of tax-deferred growth potential, and if your beneficiary outlives the

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Can you take a home office deduction?

As you celebrated "National Organize Your Home Office Day" last month, you might have discovered a tax break under the clutter: the home office deduction. The deduction is available when you use part of your home regularly and exclusively as your primary place of business, or for meeting clients.

If you're an employee who works from home, there's an additional rule: The exclusive use must be for the convenience of your employer.

In either case, "exclusive" is defined as "all or nothing." Conduct any personal activities in the space you've designated as your office and the deduction is lost.

But satisfy the requirements and you can write off part of the expenses of running your home, including utilities, interest, and property taxes, as a business deduction. That means those costs can directly reduce business income, saving you income tax. If you're a sole proprietor, the deduction may also reduce self-employment tax. Though the amount you can claim is generally limited to business income, disallowed expenses can be carried forward to future years.

You can take the home office deduction on your 2009 or 2010 return even if you have not done so in prior years, and you're eligible whether you're a renter or a homeowner.

What are the drawbacks? One drawback to taking a home office deduction is the potential for depreciation "recapture" that may apply when you sell your home, potentially reducing the amount of gain you can exclude from income.

Deducting interest expense: What you need to know

Where does your interest lie? If interest you paid rests in a tax-deductible category, or sprawls across several of them, you may be able to reduce your tax bill.

Interest expense can be sorted into five groups, each subject to different rules and restrictions.

1. Business interest. Interest paid on borrowed funds used for your business can offset business income. In some cases, the deduction may be less than the total amount you paid, such as when you use loan proceeds to buy a vehicle you drive both personally and for business.

2. Investment interest. The deduction for interest on loans you take out to purchase investment property is limited to "net investment income." That's the amount you earn from interest, dividends, and other investments, less costs incurred to produce the income.

3. Passive activity interest. When your participation in a business venture is limited, or if you own rental property, the amount you can deduct as interest expense may be subject to the passive activity rules. These rules restrict your current-year deduction to income from passive activities. Nondeductible amounts can be carried forward to future years.

4. Qualified residence interest. This

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