

Your Taxes and Financial Matters

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Dealing with Health Care Reform's New Tax Laws: The Health Care and Education Reconciliation Act of 2010

Now that Congress has passed a landmark health care reform package, much work needs to be done in dealing with new requirements. While the end result of the legislative process is necessarily health care related, the tax law plays a major role in its implementation. From the tax credits and subsidies used to expand health coverage, to the many penalties, fees and surtaxes designed to pay for it, the Tax Code is front and center.

Two new laws. Health care reform is actually made up of two new laws: the Patient Protection and Affordable Care Act of 2010 and the Health Care and Education Reconciliation Act of 2010. The Patient Protection Act was crafted largely in the Senate and sets out the general framework of health care reform. The Reconciliation Act was prepared in the House to modify the Patient Protection Act, especially in the areas of tax credits and cost sharing for individuals to help make coverage more affordable. Common features to both laws are delayed effective dates for many of the provisions, which make strategic planning all that more important.

New taxes and penalties. Viewing the historic health care reform package from the context of the Tax Code, many new taxes and penalties stand out immediately above the rest. Initially, we would advise taking particular note of the following highlights:

✓ Individuals who earn more than \$200,000 for the year (\$250,000 for married couples) will be paying an additional 0.9 percent in Hospital Insurance (Medicare) tax, starting in 2013;

✓ Individuals whose adjusted gross income for the year exceeds \$200,000 (\$250,000 for joint filers), whether from wages or otherwise, will also be paying an additional 3.8 percent Medicare tax on net investment income, starting in 2013;

✓ Employers with 50 or more employees generally will be required to provide a minimum level of health insurance for their employees or pay a penalty per employee, starting in 2014;

✓ Small employers with no more than 25 employees are entitled to up to a 35 percent tax credit on the cost of providing health insurance for employees, starting immediately in 2010;

✓ Most individuals will be required to obtain health insurance or be subject to a penalty tax starting in 2014;

✓ Tax credits to subsidize the cost of health insurance premiums will be available to individuals earning up to 400 percent of the poverty level, starting in 2014;

✓ Health flexible savings arrangement (FSA) dollars will be limited to

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Investments

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Employee Education Can Effectively Boost 401(k) Participation

Employers who sponsor qualified retirement plans are always looking for ways to boost employee participation in the plan. Many studies have shown that companies can raise participation rates by increasing the company's matching contribution. However, some of the latest studies show that certain types of employee education may increase participation rates nearly as effectively as matching contributions and at a much lower cost.

Why Do Employers Need To Increase Participation?

For a 401(k) plan to maintain its tax-qualified status, the plan must satisfy certain tax law requirements. One of the requirements is that the plan can not discriminate in favor of highly compensated employees. Highly compensated employees are those employees who were paid more than \$110,000 in the past year or own more than a 5% interest in the employer. Many employers need to increase the participation rates of their non-highly compensated employees so that their qualified plans will pass a special nondiscrimination test that must be performed each year.

How Can Employers Increase Participation?

Several recent studies show that targeted communications can be as effective as an increased company matching contribution in boosting plan participation. Targeted communications include generic newsletters and statements prepared by consulting firms or investment managers that discuss current financial market trends, personal investment strategies, and the economic outlook. Communication materials that are tailored to the company's plan that give more information about the specific plan and suggest appropriate savings levels are also considered targeted communications.

What Are the Other Benefits of Employee Education?

The studies show that employee education can not only increase participation rates, but may also increase the amount employees contribute to the plan and change the way in which participants invest their plan account. This is good news for employers. If your company can't afford to offer a high match rate, you might be able to achieve the same results by providing education about investment and savings principles to your employees at a considerably lower cost. The education may boost your plan enrollment rates while helping employees make the most of the retirement plan.

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Music News

By: **Marek Żebrowski and Krysta Close**

Musicians honor the crash victims

By **Daniel Kamiński**,
Polish Music Center USC

Following the tragic crash of the Polish Presidential airplane on April 10, 2010 in Smolensk, Russia, members of artistic circles in Poland and abroad have been paying their respects to the victims of the crash. The week following the accident was declared a period of national mourning in Poland, during which artistic and entertainment institutions were asked to cancel or appropriately alter their performances and events. Numerous operas and orchestras complied with the request and most museums and galleries were also closed for the week, including the newly opened Chopin Museum in Warsaw.

The following is a listing of several notable soloists and ensembles who performed concerts honoring the victims in the weeks following the crash:

On April 12, the Polish National Philharmonic Orchestra conducted by Michał Dworzyński performed Mozart's *Requiem* during a memorial mass at the St. John's Cathedral in Warsaw. Solos were performed by soprano Marta Boberska, mezzo-soprano Anna Lubańska, tenor Rafał Bartmiński and bass Wojciech Gierlach.

"Before the opening work in the Philadelphia Orchestra's concert at Carnegie Hall on [April 13], the pianist Piotr Anderszewski spoke to the audience about the plane crash in Russia on Saturday that took the lives of Lech Kaczyński, the president of Poland, and dozens of the country's military and political leaders. Born in Warsaw to Polish-Hungarian parents, Mr. Anderszewski spoke of how wrenching this tragedy has been for his home country. With Charles Dutoit, the Philadelphia Orchestra's chief conductor, looking on, Mr. Anderszewski asked for a moment of silence and dedicated the first piece on the program to those who were lost" [quoted from an April 14th review by Anthony Tommasini, *New York Times*].

The Polish Composer's Union (ZKP) organized a week-long artist's wake for the victims, during which there were 47 artistic events involving over 90 artists. The wake took place in the Church of Artistic Circles in Warsaw and was visited by ca. 3,000 people.

On April 17 the Royal Philharmonic Orchestra performed H.M. Górecki's 3rd Symphony "Symphony of Sorrowful Songs." The program of the concert was originally supposed to feature a premiere performance of Górecki's 4th Symphony and would have been attended by Polish President, Lech Kaczyński, and the First Lady. After the concert, the orchestra honored the fallen with a moment of silence.

Also on April 17 the Polish Radio Choir in Kraków with members of Capellae Cracoviensis and Sinfonietta Cracovia conducted by Marc Minkowski performed Mozart's *Requiem* in honor of the victims. The concert took place at the Kraków Old Town Market and featured solo performances by: Julia Lezhneva (soprano, Russia), Anna Lubańska (mezzo-soprano, Poland), Daniil Shtoda (tenor, Russia) and Wojciech Gierlach (bass, Poland). The concert was attended by several thousand people.

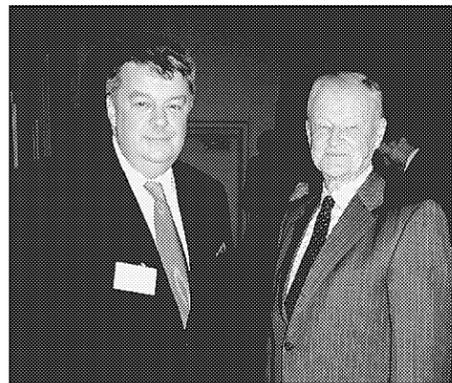
On April 18, during the funeral ceremonies for the President Lech Kaczyński and his wife Maria Kaczyńska, the Berliner Philharmoniker performed Richard Strauss' *Metamorphosis*, conducted by Sir Simon Rattle, in the Bazylika Mariacka in Kraków's Old Town.

Instead of the two grand ceremonies

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K.F.'s Katyn Event on Capitol Hill

By: **John Czop**



L.-Alex Storożyński & Zbigniew Brzeziński

On Wednesday May 5, Mr. Alex Storożyński, President & Executive Director of The Kościuszko Foundation (K.F.), organized a very successful event: the "70th Anniversary Observance of The Katyn Massacre" at the United States Library of Congress.

Key members of Congress, the Polish and Russian Ambassadors to the United States, scholars, and other notables delivered speeches and participated in panel discussions which included questions from the audience. Approximately 200 participated in the morning and afternoon sessions of this conference which took place in Coolidge Auditorium at the Library of Congress. Mr. Storożyński served as conference moderator.

The event concluded at a Congressional Reception which included a delicious buffet in the Montpelier Room of the Library of Congress.

The magnificent Rotunda of the Russell Senate Office Building was the prestigious venue for the opening of a powerful exhibition of photos accompanied by descriptive captions entitled: "Katyn Forest: Massacre. Politics. Morality." A Polish organization, The Council for the Protection of Memory of Combat and Martyrdom, prepared this exhibition which is scheduled to go on display in several American cities where K.F. Chapters are established. The first stop was The Kościuszko Foundation House in New York City where the exhibition opened on Thursday 13 May. Thanks to Lady Blanka Rosenstiel, the exhibition will be on view in Miami, Florida.

As of 17 May, many, but not all of the speeches and panel discussions which took place in Coolidge Auditorium are available in video and audio on the K.F.'s web site.

Professor Zbigniew Brzeziński was the most effective speaker at the conference. The gist of his speech was: "The reason that Katyn was so indelible, and so morally intolerable was that it was a murder shrouded by a lie, institutionalized globally, and the lie was globally accepted on the whole. That's what really hurt."

Next, Brzeziński compared the Katyn lie which we Poles actually endured to a hypothetical situation: he asked us to imagine world Jewry living under a repressive regime that denied for 50 years that the Holocaust actually took place. Of course, such a hypothetical situation would have made the Holocaust even more intolerable, Brzeziński observed. It was in fact the Stalinist lie that Nazi Germany perpetrated Katyn that made the murder of the Polish officers especially intolerable. The crime of Katyn was foul; the lie was demoralizing.

Truth and reconciliation between Poland and Russia is likely, according to Brzeziński. He senses a new mood in Russia following the disaster of 10 April 2010 at Smolensk Military Airfield. The Russian press and the Russian people seem to feel the pain of Poland and the Poles and Brzeziński expects that this new feeling may be the prelude to a more manageable future. □