



Your Taxes and Financial Matters

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Build America bonds: Some important facts

When you think of municipal bonds you probably also think of tax-exempt interest income. But did you know some municipal bonds generate taxable income?

Build America bonds, created in 2009 as part of the stimulus bill, are an example of this type of municipal bond. Like other muni's, build America bonds are issued by state and local governments to fund construction projects.

However, because the federal government offers tax credits for build America bonds, the interest you receive is taxable.

Why invest in a taxable municipal bond? The idea is that the federal tax credit reduces the cost of the bond to the state or local government, which in turn can increase the interest rate. In addition, when you buy bonds issued by the state where you live, the interest is generally free from state income tax.

How does the credit work? The municipality issuing the bond can choose to receive the credit itself. These "direct payment" bonds are similar to regular taxable bonds. You get your interest payment in cash and report it on your income tax return.

Alternatively, the municipality can issue "tax credit" bonds. When you invest in this kind of build America bond, you apply for a credit on your federal income tax return of 35% of the net interest you receive. Both the interest and the credit are included in your gross income.

The credit reduces your tax liability dollar for dollar and can be applied against the alternative minimum tax. You can carry any unused amount to future returns.

Depending on your tax bracket, build America bonds may be a sensible addition to your portfolio.

Unclaimed property can be a business issue

It sounds like a crossword puzzle clue: Name a seven-letter medieval word that can affect your 21st century business.

The term is escheat, and today it means turning over abandoned property, such as unclaimed security deposits and outstanding accounts receivable credits, to state officials. Your business may be both a holder of unclaimed property and a claimant.

For instance, say you are holding an uncashed payroll check for a former employee. If the check remains outstanding, as the holder you may have to file a form with the Treasurer of your state reporting the amount of the unclaimed property. You might also have a responsibility for attempting to contact your former employee. Then, after a time period set by state law, you'll generally be required to turn the funds over to officials or face penalties for failing to do so.

Since escheat applies to banks, insurance companies, utilities, and other businesses, you could also discover your

Taxes - Build America to page 15

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How to give away assets during your lifetime

Giving away your financial assets can be more complicated than just writing a check. If you want to engage in lifetime gifting of some of your assets, you should be aware of certain rules. For instance, in 2010, the maximum annual gift tax exclusion amount is \$13,000 per person. The lifetime federal gift tax exclusion amount is currently \$1 million, and it will remain at that level through 2010.

The top federal gift tax rate is 35% for 2010 (the maximum that your heir may need to pay on your gift). Any portion of the gift tax exclusion used will reduce dollar-for-dollar your estate tax exclusion available at death. In light of all this, you may want to consider some creative lifetime gifts. For one, charitable trusts can offer you several financial benefits, including the potential deferral of capital gains taxes, as well as possible gift and estate tax savings. They may also serve as effective vehicles for transferring wealth.

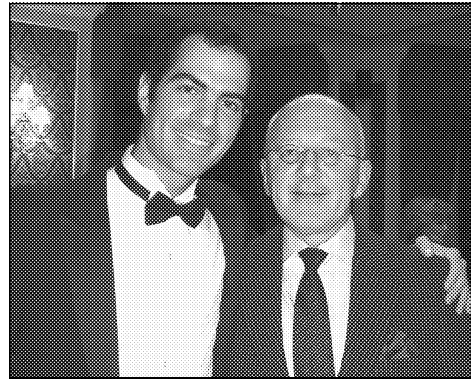
A Charitable Remainder Trust is a tax-exempt way to distribute income from the trust to beneficiaries for a period of time after which remaining assets are distributed to charities of your choice. You determine the time frame of the trust—it can last a lifetime or for a fixed term of up to 20 years—as well as the amount of annual payouts. There are some requirements that you should know about. First off, the annual payout for the length of the trust or the life expectancies of the beneficiaries (which would be you or your spouse) cannot exceed 50% or be less than 5% of the value of the trust. And a private foundation or donor-advised fund may be named as the charitable remainder beneficiary.

Highly-appreciated assets owned by the trust can also be sold without an immediate capital gain, which may allow for an increase in current income as well as income tax deduction. However, the type of assets gifted and the type of charity receiving the gifts, as well as your adjusted gross income, are all taken into consideration in determining your charitable income tax deduction. What's more, there may be income tax due on your annual payouts from the trust.

Charitable Lead Trusts are funded with assets that are, preferably, expected to appreciate. The charity of your choice receives a fixed annual payout from the trust, and the remainder goes to your family members at the end of the charity's payout term.

Unlike charitable remainder trusts, charitable lead trusts are not tax-exempt. However, tax implications differ between a grantor CLT and a non-grantor CLT. With a grantor CLT, you are treated as the trust's owner for income tax purposes and are responsible for paying taxes on the income generated. However, there is the potential to receive an immediate charitable income tax deduction for a portion of your contribution to the CLT. In the case of a non-grantor CLT, on the other hand, no upfront charitable deduction is allowed for income tax purposes. However, the CLT itself receives a charitable income tax deduction each year for the qualifying distribution it makes to charity. The primary benefit of a CLT lies in its potential gift-tax advantages. The value of the donor's initial gift to the trust is determined by three factors: a government-set interest rate, the length of the trust and the payout to charity. When the government-set interest rate is low, the value of the

Investments - Give assets to page 16



L. Cellist Lars Hoefs and Marek Żebrowski

With 2010 being the Chopin anniversary year, it is not surprising that Polish music has been featured prominently on a number of programs around the world. The month of August was no exception, during which a number of concerts featuring Chopin and other Polish composers were heard well south of the US border.

In early August, Southern California-based cellist Lars Hoefs performed Chopin's magnificent Sonata for Cello and Piano at a festival in Recife, Brazil. An alum of the USC Thornton School of Music, Lars has frequently collaborated as soloist and chamber musician in a variety of Polish Music Center-sponsored events throughout California. During the past year, Lars was the resident assistant principal cello of the Orquestra Sinfônica Brasileira in Rio de Janeiro and has maintained active links with Brazil's musical world and musicians.

Violinist Jerzy Milewski and his wife, Aleida Schweitzer, performed works by Chopin and Krzesimir Dębski at a concert in Belem on August 15. Their joint program also included works by Mozart, Paganini, and François Francoeur. This husband and wife duo first met in Warsaw, where both studied at the Academy of Music (now the Chopin University of Music) in the 1960s. After getting married, they resettled in Brazil in 1971 and have concertized extensively throughout the country for the past four decades.

During the first half of September, the Milewski-Schweitzer Duo will again perform in the equatorial regions of Brazil—this time at the Olinda Music Festival that is held in a variety of historical churches in this charming town. The Duo's gala concert on September 5 at the Church of São Bento will feature Chopin's Trio, Op. 8 as well as number of Chopin's miniatures (Mazurka, Ecossaises and Cantabile) arranged for the same ensemble. The Milewski-Schweitzer concerts will also have an educational aspect—Maestro Milewski will perform in recital and give master classes at the Conservatory of Music in Recife. Together with his wife, he will also visit several local schools, illustrating his lectures about Chopin with selected performances of Chopin's music.

The Rio International Cello Encounter—or Rio Cello, as it is more commonly known—is an established music festival in Rio de Janeiro, Brazil, that brings together cellists and other chamber musicians from around the world. For the past 15 years this Festival has introduced fascinating musicians and excellent programming to Rio's diverse audiences, and admission to these impressive concerts is always free. This year the 16th annual Rio Cello Festival, which took place from August 8-22, marked the Chopin anniversary with several performances of his chamber music. Cellists Lars Hoefs and David Chew (principal cellist of the Orquestra Sinfônica Brasileira in Rio de Janeiro and

Music News - Antipodes to page 15

Obtaining status for victims of domestic violence—Part 1: The Obama Administration allows certain victims to obtain asylum

In recent years, the rights of battered women and other victims of violence to seek status in the United States have been expanded by the federal government. There are three areas of legal protection afforded by immigration law for such domestic violence victims.

The Violence Against Women Act (VAWA), passed by the Clinton Administration, allows women who were victims of domestic violence at the hands of U.S. citizens to seek permanent residence here.

The U visa category allows a limited number of victims of violent crime to seek status here, even if the perpetrators of the crime are themselves out of status or their status is unknown, as long as the crime occurred here and the victim cooperated with the crime investigation.

Now, a decision by the Department of Homeland Security ("DHS") in August increases the reach of asylum law to offer refuge for women who experienced domestic violence in their home country and fear returning there as a result.

It is very important that domestic violence victims understand that there is help out there for them and that part of this can include obtaining status in the United States. This series of articles will review these three immigration laws and how they can help such women.

Part 1: DHS recognizes battered women as a group subject to protection under asylum law.

In a case decided in San Francisco on August 4th, an immigration judge granted asylum to a woman who suffered years of abuse at the hand of a partner. Critical to the case was the decision of the DHS to support her claim for asylum, concluding that she had a well-founded fear of persecution and that the Mexican government could not protect her.

After 15 years of uncertainty, the Obama Administration decided that victims of domestic violence in their home country can be considered "a social group" that faces persecution in their home country and therefore entitles them to asylum under the Immigration and Naturalization Act.

This opens up the possibility that women who can prove they were victimized in countries such as Latin America, the former Soviet Union and other parts of the world with higher rates of domestic violence may apply for asylum in order to obtain status here. Anyone granted asylum under this law also automatically obtains status for their spouse and minor children.

The domestic violence victim still needs to prove that she could not expect the government authorities in her home country to protect her from violence at the hands of her attacker, and that she could not safely relocate anywhere in the country to escape this risk of violence.

Still, this decision does allow women who can prove their status as a victim of domestic violence in their home country an alternative to seek status here that VAWA and U Visa law does not provide. Our office has recently had great success in obtaining asylum for women victims from countries with a high rate of domestic violence, although this principle of law was not formally recognized.

With this recent decision, the federal government has officially recognized this

Legal - Domestic violence to page 15