



Your Taxes and Financial Matters

By: **Richard P. Król**

1 800 cpa-krol richard@cpakrol.com

Maximize the power of your IRA contributions

Contributions to individual retirement accounts (IRAs) tend to be an underappreciated factor in many retirement plan strategies, in part, because they may not be deductible, but also because individuals frequently don't expect their IRAs to amount to much at retirement. A look at the numbers, however, tells a different story. It's important to remember that even if your traditional IRA contribution is not deductible, earnings on the vehicles in which you invest those contributions are allowed to grow unencumbered by taxes until they are withdrawn.

A significant cumulative effect

For example, if at age 50, you began making the maximum annual contribution of \$6,000, by age 65, assuming a return of 8% compounded annually, you would accumulate \$175,946. If you happened to be married to someone of the same age, the two of you following the same strategy over 15 years could together add some \$351,892 to your retirement nest egg through IRAs. As a result, maximizing your IRA contributions can be a worthwhile retirement strategy, especially when combined with participation in a 401(k) or other employer-sponsored plan.

The earlier you get started, the more you can save, of course. But as illustrated below, even someone starting relatively late in life may still add significantly to his or her retirement nest egg with an IRA.

A brief refresher

An IRA is a personal savings plan specifically created to encourage saving for retirement by offering certain tax advantages. There are a number of different types of IRAs; the two most basic are the traditional IRA and the Roth IRA. This article focuses primarily on traditional IRAs. IRAs are available to employees, self-employed individuals and certain other individuals, regardless of whether they participate in an employer-sponsored retirement plan. Basically, anyone with "earned income" and under age 70½ can fund an IRA. The Internal Revenue Service defines "earned income" as including wages, salaries, professional fees, commissions, bonuses, taxable alimony and severance pay; it does not include interest or dividends, rental income, deferred compensation (such as pension or annuity income), child support or union benefits. The rules governing deductibility of contributions to an IRA depend on age, marital status, level of adjusted gross income and type of IRA.

Contribution limits in 2010

For 2010, individuals can make pretax contributions to an IRA of \$5,000. Plus, individuals aged 50 and above can make additional "catch-up" contributions of \$1,000 for each year.

The earlier the better

Starting to save early intensifies the power of tax-deferred compounding. Imagine that you start contributing to an IRA for the first time when you are 35 years old. If you make a \$5,000 contribution every year for the next 30 years, you would contribute a total of \$150,000 by the time you reach 65. Assuming an 8% return, compounded annually, on contributions made at the beginning of each year, your IRA contributions could grow to \$611,700 by age 65. If you set aside the same annual amount \$5,000—but started 10 years earlier, at age 25, the result would be even

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Investments

By: **Joanna Moran**

Financial Advisor
(800) 473-1331 X 259
joanna.brost@
morganstanley.com

Retiring Right

Wealth alone is no guarantee of a secure retirement. It's time to start thinking about what you'll need.

Even if you are doing well, plentiful assets and a good income are probably not enough to get rid of your worries about retirement—at least not according to new studies of high net worth investors. Thousands of affluent boomers and Gen Xers studied by Wharton and State Street Global Advisors expressed fears about outlasting their money. You may be worried about preserving your standard of living in the face of market downturns, inflation and health care costs during a retirement that may last 30 years. In fact, 57% of those surveyed cited rising health care costs as their number-one concern. And if you're in the younger half of those surveyed, a lack of traditional pensions and Social Security and Medicare safety nets is probably also on your mind.

Experts agree that wealth alone is no guarantee of retirement security; saving too little "runs up and down the income scale and wealth scale," says Olivia S. Mitchell, an insurance and risk-management professor at Wharton. Comfortable living inevitably translates to spending. Though the wealthy save, Mitchell explained in the Wharton study, "people with high earnings also spend a lot" to keep the lifestyle they enjoy going.

Reasons for concern

Your retirement isn't likely to be the same as it would have been 50 years ago. The old adage was that you needed 80% of your current income when you retire—but nearly half of the 1,800 millionaires surveyed by the 2007 Phoenix Wealth Survey said they will need more than 100%. You may even be thinking of working indefinitely, at least part-time, in order to stay engaged and support a comfortable lifestyle. Also, your life expectancy has increased, even from just a generation ago. Determining your retirement goals is a complex process—one that means taking the time to figure out what it is you really want now and down the road.

The plan

Worried as you may be, you may not have begun planning. 59% of high net worth investors have no formal written plan for their retirement goals—but a retirement analysis can help. We can run this analysis to assess your financial situation, your potential annual retirement income, your savings and investments and your tax situation.

Then, it's time to analyze your retirement goals. Once you know what you want, we can determine ways to help you get there, whether that involves altering your investment strategy, changing the amounts you contribute or something else entirely. The retirement analysis will provide you with a full report, including savings recommendations and sources for retirement income.

Talk to your Financial Advisor about how a retirement analysis might benefit you.

Joanna Moran is a Financial Advisor located in **San Diego, CA** and may be reached at **619-236-1331** or www.morganstanley.com/fa/joanna.moran

Music News

By: **Marek Żebrowski and Krysta Close**

Chopin & Jazz in L.A.

The Chopin & Jazz project originated from a commission that pianist Jan Jarczyk received for the Chopin Anniversary Concert in Warsaw. The music developed as a part of the project was then incorporated into the repertoire of the International Polish Jazz Group (IPJG), which was created in 2009. On the 20 October, IPJG will take this music on tour in Canada, the U.S. and France.

The International Polish Jazz Group (IPJG) includes four prominent Polish musicians who live in the United States, Canada, Germany, and Spain: Andrzej Olejniczak – clarinet/saxophone, Janusz Stefański – percussion, Darek "Oleś" Oleszkiewicz – bass, and Jan Jarczyk – piano. The Chopin & Jazz program consists of selections from Chopin's Preludes, Nocturnes, and Mazurkas. To read more about the performers and program, see www.usc.edu/dept/polish_music/Events/2010/CHOPIN-Jarczyk+Friends.pdf.

Although the musicians of IPJG generally perform abroad, their links to Poland, and to Chopin's music in particular, are cherished and shared with audiences worldwide. Over the summer, they performed at the renowned Summer Jazz Festival at Piwnica pod Baranami in Kraków. Other cities included in the tour are Ottawa, Montreal, Edmonton, Vancouver, Seattle, and Lille, France. Tuesday, October 26 | 7:30 p.m.

Chopin & Jazz Concert: International Polish Jazz Group

Istituto Italiano di Cultura,
1023 Hilgard Ave., - CA 90024

Information:

www.losangeleskg.polemb.net

Free Admission

MUSIC AT L.A.'S POLISH FILM FESTIVAL

The 11th ½ Polish Film Festival in Los Angeles took place from October 14-21, 2010 at the Laemmle's Sunset 5 Theatre in West Hollywood. Among the many excellent films screened, there were several musical highlights.

During the Opening Night Gala on Thursday, October 14, there was a screening of *All That I Love* [Wszystko co kołam], Poland's official entry into this year's American Academy Awards "Foreign Film" category. This film follows four young boys who have formed a punk rock band as social and political unrest sweep across Poland and Martial Law is imposed.

Over the course of the rest of the Festival, the film music featured took a distinctly more classical turn. On Saturday, October 16, music by Krzysztof Penderecki was heard in a screening of *The Mask* [Maska] (2010). This was followed by a showing of the 1960 film *The Teutonic Knights* [Krzyżacy], with music by Kazimierz Serocki, on Sunday, October 17.

Also on Sunday, music by Marek Żebrowski was heard in a screening of the new documentary *The Labyrinth* [Labirynt] (2010). Director Jason A. Schmidt was present to answer questions about his powerful film, in which memory, art, love, and hell collide as Auschwitz survivor Marian Kołodziej

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Paderewski at 150: California celebrations

The 35th Session of the UNESCO General Conference in October 2009 accepted a resolution to include Ignacy Jan Paderewski's name on the list of persons with outstanding achievements in fostering international cultural dialogue. In 2010, the 150th anniversary of his birth, Paderewski's historical contributions will be officially recognized worldwide. California, one of Paderewski's many homes away from his homeland, is no exception to the festivities.

Special concerts, lectures, exhibitions and panel discussions will take place in Los Angeles and on the Central Coast during the month of November. Participants and performers will include Dr. Małgorzata Perkowski-Waszek, preeminent Paderewski expert; Dr. Kevin Starr, former California State Librarian Emeritus; Jonathan Plowright, leading expert in Polish romantic repertoire; and Krzesimir Dębski, celebrated jazz musician and composer, among others. These events will commemorate not only Paderewski's close ties to California but also his universal legacy as a great musician, statesman, patriot and humanitarian.

Los Angeles:

On November 4-5, events will take place at the University of Southern California (www.usc.edu/dept/polish_music), where Paderewski received an honorary Doctorate of Laws in 1923. These events are made possible through a collaboration between the Polish Music Center USC in the Thornton School of Music, the USC Libraries, the USC Department of History and the USC Annenberg School for Communication and Journalism. Below is a schedule of events:

Thursday, November 4, 2010 - 6 p.m.

PADEREWSKI, THE MODERN IMMORTAL

Exhibit Opening & Reception Doheny Memorial Library (DML), USC - Treasure Room

3550 Trousdale Pkwy, Los Angeles, CA 90089 Free Admission

7:30 p.m. - 2010 PADEREWSKI

LECTURE-RECITAL Presenters: Dr. Małgorzata Perkowski-Waszek, lecturer | Jonathan Plowright, pianist

Program: music by Paderewski and Chopin

Alfred Newman Recital Hall (AHF), USC USC Childs Way, Los Angeles, CA 90089 Free Admission

Friday, November 5, 2010 - 2:30 p.m.

PIANIST, HUMANITARIAN & POLITICIAN

A Panel Discussion of Paderewski's Legacy with Prof. Kevin Starr, Prof. Nick Cull, Dr. Małgorzata Perkowski-Waszek, and Jonathan Plowright

Friends' Hall - Memorial Library (DML), USC

3550 Trousdale Parkway, Los Angeles, CA 90089 Free Admission

Central Coast:

The 2010 Paderewski Festival in Paso Robles (www.paderewskifest.com) will take place from November 10-14. Paso Robles is proud of its most famous resident, Ignacy Jan Paderewski, who bought nearly 3,000 acres of land near this Central California city between 1914 and 1939 and became a pioneer of Zinfandel wine grape cultivation. In the mid 1930s, Paderewski expressed a wish to establish free music education for talented youth in Paso Robles, a community where he once owned large ranches with vineyards and almond groves. This year's anniversary edition of the Festival will honor Paderewski's initiative to bring music to fellow Californians by making all concerts during this year's Festival free of charge. For information about a bus tour from Los Angeles to Paso Robles, contact Theresa Dudzick at tdudzick@yahoo.com.

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