THE Erblaw News

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Happy Birthday To Us!

The Erb Law Firm, PC, officially celebrated its two year mark on May 1, 2002. Since opening our doors on May 1, 2000, we have appreciated the opportunity to serve old friends and new alike. We are excited about the upcoming year, which is already shaping up to be a year full of changes, including:

We're Moving!

Yes, again! But this time, we intend to stay put for awhile. Our new space is just next door at 5233 Ridge Avenue, First Floor, Philadelphia, PA 19128. We purchased the building with partners in April 2001 and have been working extensively to renovate the space since that time. We hope that our new space allows us to serve you better.

Speaking of New Additions...

Katherine "Katie" Estella Erb made her debut on June 16, 2002. She is a beautiful little girl, originally weighing in at 6 lbs. 12 oz. (3080 grams for our European readers) and measuring 18 1/4 inches long. You can check out the web site at http://www.erblaw.com for links to photos, if you're interested.

As a result, Kelly will have limited in-office hours, but will be available via email (taxgirl@erblaw.com), phone (215.508.4419) and cell phone (267.242.4900). Please do not hesitate to contact her. Liz will also be available to take messages during business hours and can pass along any messages.

An estates colleague will be available to handle any emergency matters that arise while Kelly is out of the office. The entire Erb family looks forward to being back in the swing of things shortly after the birth. You can visit Chris, Kelly, Lyle and Katie at the new office in the weeks that follow.

No Bike Race Party on Tap for this Year

Unfortunately, due to the proximity of the bike race to Kelly's due date, we were not able to host our Annual Erb Law Bike Party during the US Pro Championship Race. Nonetheless, we hope that each of you could attend what has become a tradition in the Roxborough/Manayunk/Wissahickon neighborhood. Race day began on June 9, 2002, at the Art Museum.

The route follows Kelly Drive to Main Street, then up the infamous Wall, across Manayunk Avenue and down Ridge Avenue (past the office) back to the Ben Franklin Parkway. For more info including course map and some cool photos, check out the web site at http://www.firstunioncycling.com/fu_uspro_display.asp.

Learning More

Fall Seminar Series

Our new seminar series will begin in September 2002. Planned topics include Growing Your Estate, Insurance Ins and Outs, Immigration Issues and Making Charitable Giving a Part of Your Life. Continue to check our web site and the newsletter for additional information.

Also on Tap for the Upcoming Year:

Kelly will be teaching more classes! She enjoyed her first class, which was a great success, so much that she is slated to teach the following courses:

Everything You Wanted to Know About The US Income Tax System - but were afraid to ask your accountant. Before chewing your pencils down to nubs in frustration, come learn the basics of the US income tax system. We'll start with a brief history of the Tax Code - learn why we tax the way we do. Then, we'll tackle such topics as defining income and calculating exemptions and deductions. You'll learn what the "marriage penalty", "kiddie tax" and AMT are and who they affect. We'll also examine the capital gains tax and how you can take steps to minimize that tax. Finally, we'll consider some tax-saving strategies for the next fiscal year including making contributions to IRAs, educational savings plans and medical savings accounts. *Planned Fall 2002*

Beyond Estate Planning: What You Need to Know about Aging in America. Pennsylvania has one of the oldest populations in the United States. Issues that face that segment of the population are becoming increasingly complex. In this class, designed for seniors and family members, we'll address those issues including the timing and elections of Social Security benefits and Medicare - Parts A and B. We'll examine special tax exemptions and deductions for seniors, as well as the

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implications of government benefits such as Medicaid, including how you qualify for benefits, how you can best protect your assets and what the Estate Recovery Act in PA means to you. Finally, we'll consider ethical issues such as designations as a Medical and/or Financial Powers of Attorney and the advantages of having a Living Will. *Planned Winter 2002*

The Great Job Hunt
by Kelly Phillips Erb

When Chris and I left our Center City jobs to open The Erb Law Firm, PC, our friends thought we were nuts. Why would we leave well-paying jobs for the unknown? This, at a time when the job market was flush and we were being head-hunted left and right... But we knew what we wanted to do and so far, we've been right!

However, our friends were shocked to learn, a couple of years later, that the job market has changed tremendously. Suddenly, attorneys, who had a history of relative job security began looking for work as layoffs happened across the board. And attorneys weren't the only ones... Large corporations like Andersen, Siemens and IBM have issued pink slips to thousands of employees.

Some employees saw the writing on the walls and jumped ship early, taking advantage of separate packages and incentives to leave. Even my father joined the ranks of the "retired" (true to form, he's still working!). As a result, many folks now find themselves in a position that they have not been in since leaving college: hunting for a job. While the job market is indeed tight, there is some good news to be had: many of the expenses of looking for a job may be deductible! The Internal Revenue Code does provide deductions for certain job-search expenses. Job-search expenses fall under the "miscellaneous" category of itemized expenses, which are deductible to the extent they exceed two (2%) percent of your adjusted gross income (AGI).

The most important rule to remember is that deductions for job-search related expenses are available only if your new job is in the same line of work as your previous job. For example, if you're an attorney searching for another attorney position, you can claim the deductions, but if you're attorney looking to become a potter, then you're out of luck. There are other exceptions, too. If you are a recent college grad looking for your first job, or if you have been out of work for a substantial amount of time and are looking to reenter the work force, you cannot take the deduction.

So, what sorts of expenses can you deduct if you qualify? Typically, any expenses that you might guess would be related, are: the cost of typing, printing and mailing resumes, long-distance telephone calls, employment agency/headhunter fees, advertising costs in newspapers and trade journals, and transportation to job interviews.

So are some expenses that you might not have guessed such as: travel expenses to an out-of-town job interview, including airfare, hotel, meals, cab fares and other incidental travel expenses. But don't book that flight to Vegas just yet... For travel costs to be deductible as a job-hunting expense, the primary purpose of the trip must be to find a job. However, if the primary purpose of the trip is personal, you can still deduct expenses which are related to your job-search such as cab fare to job interviews. It's a good idea to keep canceled checks, credit-card slips and other receipts documenting your expenses. It's also useful to keep a log showing the amount of time you spent looking for a job and if you use your car to drive to job interviews or to the post-office to mail resumes, keep a mileage log. (For more information on record-keeping, see the last issue of the newsletter.)

So good luck on your job hunt! And even if you don't find a job, don't despair. Surprisingly, Uncle Sam doesn't care whether your job search is

Tidbits

- Still haven't received your refund from Uncle Sam? Call the IRS at 1.800.829.1040 to find out the status. You'll need to provide the following info as shown on your return: (1) Social Security Number; (2) Your Filing Status; and (3) the refund amount.
- **New Summer Hours!** As of May 31, 2002, we have new summer hours. The office will close at noon on Fridays in order to give our employees a chance to enjoy the weekend. Hours during the week will remain the same, 9:00 am through 5:00 pm or by appointment. Regular hours will resume on September 6, 2002.
- **You Oughta Know** *Is it true that getting married to a US citizen qualifies you for citizenship? How long is the statute of limitations for tax returns?* Is there a law related question you've always wanted to know the answer to? Then send us your questions! We will select one question to appear in the next edition of the newsletter.

This edition's question:

Is it true that you must use the attorney who drafted a person's will to administer the Estate? No. The executor appointed under a Will may choose any attorney to administer the estate. To choose an appropriate attorney, ask friends for referrals and check out your local newspaper. Ask questions about the billing practices, tax planning advice, preparation of tax returns (in-house or out-sourced?) and timing/manner of distributions. Inquire how involved the attorney is willing to be in the process and method of dealing with disputes within the estate. Finally, make sure that you, as executor, feel comfortable working with the attorney since estates may take up to two years (and sometimes longer) to be settled.

successful: despite the outcome, you can still write off your job-search expenses.

Local States Make Wine News
by Kelly Phillips Erb

New Jersey Senate Bill 920, introduced February 11, 2002, would allow New Jersey consumers to purchase and receive wines from licensed out-of-state wineries. Currently, New Jersey law prohibits such shipments.

The bill would require out-of-state wineries to purchase a $25 annual permit, and would limit annual shipments to 60 bottles for New Jersey residents 21 years and older. These provisions have been successfully implemented in other states, such as Rhode Island.

Just next door, in New York, there are two companion bills in the legislature that would allow New York consumers to purchase and receive wines directly from licensed out-of-state wineries and retailers. Currently, New York law prohibits such interstate shipments.

The new bills allows state vintners to ship directly to consumers in the 13 states with similar shipment provisions, such as Oregon and California. Senate Bill 3015 and Assembly Bill 5739 include standard requirements working successfully in other states. The bills require that, among other requirements, out-of-state wineries and retailers to purchase a $100 annual permit from New York State, limit annual shipments to 4 cases per year per consumer (plus 4 cases purchased at the site of the winery or retailer), payment of both New York excise and New York sales taxes, and standard annual reporting requirements.

Pennsylvania continues to prohibit direct shipments of wine.

Late Breaking News
by Kelly Phillips Erb

As this edition of the newsletter goes to print, the Senate has voted not to make the estate tax repeat permanent. Look for details in the next edition.

New Student Visa Reporting Rules
by J. Christopher Erb

The effects of September 11 continue to be felt throughout the federal government. Some of the most significant results include sweeping changes to the US visa system and the Immigration and Naturalization Service (INS). Currently in the works, the Justice Department is proposing new reporting rules for foreign students and exchange visitors.

The proposed rules will implement the usage of the Student and Exchange Visitor Information System (SEVIS). SEVIS is an internet-based system providing the government, educational institutions and exchange programs an automated means to exchange information about foreign students, exchange visitors and their dependents. The rule will specify that schools use SEVIS to issue documentation to students and report pertinent information to INS.

The new regulations will require schools to collect and report information on foreign students to the INS. The data that must be reported will include: a student's enrollment at the school; the start date of the student's next term or session; a student's failure to enroll; a student dropping below a full course of study without prior authorization; any other failure to maintain status or complete the program; a change of the student's or dependent's legal name or address; any disciplinary action taken by the school against the student as a result of the student being convicted of a crime; and student's graduation prior to the program end date listed on the form. INS plans to begin implementation of SEVIS on a voluntary basis with institutions of learning on July 1, 2002; mandatory participation will begin January 30, 2003.

Hoping to Win the Lottery?
by Kelly Phillips Erb

A local couple's stroke of luck seems to have left many folks in Pennsylvania and New Jersey wondering "what if"...

Well, before you start spending your dream millions, don't forget the tax man! State Lotto winners can receive their millions in one lump sum or in a number of periodic payments depending on their election. In either case, the state lottery will withhold 28% of the payment for federal income tax withholding. This does not, however, limit the tax liability. Additional taxes may be due at tax time; in fact, with a lump sum payment, that is acertainty. Additional taxes due could result in penalties and interest payable unless you file and make estimated payments during the tax year.

And, as always, death is no escape from taxes. The right to any unpaid periodic payments become part of your estate. The state lottery will make a lump sum payment to your estate or heirs after again withholding 28 percent for Federal income tax. The entire amount, however, may be subject to federal estate taxes and local and state inheritance taxes.

INS Announcement
by J. Christopher Erb

As part of the Enhanced Border Security Act, the Immigration and Naturalization Service (INS) announced on May 17, 2002, that the older, non-biometric Mexican Border

Crossing Card will be valid only until October 1, 2002. Mexican nationals are encouraged to apply as soon as possible for a new card.

On October 1, 2001, INS began accepting only the new biometric BCC as mandated by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996. Holders of the old border crossing cards, Form I-186 or I-586, now have until 10/01/02, to replace them with the new biometric, machine-readable cards.Under the new law, those persons seeking admission to the United States must possess one of the following:

- The old border crossing card, Form I-186 or I-586 (until10/01/02);
- A valid biometric, machine readable, B1-B2 visa/BCC (DSP-150);
- A B1/B2 visa and BCC combination document issued by DOS before 1998, where the visa is still valid, along with a valid passport; or
- Other valid visa and passport.

The Department of State has been accepting applications for the new document since 04/01/98. Persons must call Mexico (01-900-849-4949) to arrange for an appointment at a U.S. consulate. At the appointment, consular staff in Mexico photograph and fingerprint the applicants and upon approval, DOS will issue a new BCC.

First Round Draft Picks... For an Estate?

by Kelly Phillips Erb

An ugly estate battle between the heirs of the late Perry Como has ended with a settlement that calls for an NFL-style lottery. Como's children will choose pieces from the estate in a series of rounds. Neither of Como's sons may use a first-round "pick" on Como's lifetime Grammy award though if Como's daughter doesn't use either of her first two "picks" to take the Grammy, it's fair game for her brothers.

Also remaining on the "draft list" are Emmy awards, Kennedy Center awards, a silver medallion from Pope Pius XII, a baseball signed by former LA Dodgers manager Tom Lasorda, Presidential letters, photos, and gold and platinum records.

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In the course of providing services, we receive personal financial information; we hold this information in confidence, and will not release it to any person outside the firm, except as agreed to by you, or as required under applicable law. We retain records relating to our services so that we are better able to assist you and in, some cases, to comply with professional guidelines. In order to guard your nonpublic personal information, we maintain physical, electronic and procedural safeguards. If at any time you have any questions or concerns regarding your privacy or our policy, please contact us.

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