

Potomac-Bethesda Rotary Club News

Rotary Club Calendar

July 26 - 6:30pm Rotary Club Meeting

"Pulling the Dragon's Teeth: Clearing a Path to a Safer World"

Jim Lawrence from the Department of State's Office of Weapons Removal and Abatement will describe the problem posed by landmines and other explosive remnants of war as well as the illicit trade in small arms and light weapons and what the international community is doing about it. He will describe the Department's partnership with Rotary and several joint projects, spend a few minutes on the particular threat from Man Portable Air Defense Systems (MANPADS) that terrorists are trying to acquire to shoot down civilian aircraft and what we are doing about it, and discuss the support his office is providing to the Rotary funded prosthetic clinic (see page 2).

July 28 - Noon

Rotary Club Board Meeting at Hunters Inn

August 2 - 6:30pm Rotary Club Meeting

Barry Anderson

Head of the Budgeting and Public Expenditures Division at the Organization for Economic Cooperation and Development (OECD) based in Paris

August 9 - 6:30pm Rotary Club Meeting

Adrianna Logalbo

United Nations Foundation
"Nothing But Nets" Campaign

Potomac-Bethesda International Rotary Club

July 19 Meeting Report:

It was a triple-header speaker-wise with **Ted Asfaw** and **Todd Nitkin** reporting on their trips to Africa and **Phil Meade** relating how not to pay taxes legally. Phil's presentation appears on pages 3 to 5 of this newsletter. Last month

Ted taught for two weeks at a University in Mutare, Zimbabwe. His topic was clinical pastoral education with six students from Angola, Congo, and Zimbabwe. Ted also had



*Rotarian Ted Asfaw (standing on right)
and his students at the University in Zimbabwe*

the opportunity to visit a local Rotary Club. The inflation rate in Zimbabwe is astronomical - during the two weeks he was there the rate went from 1\$US:69 to 1\$US:110. The rest of his travels were in Ethiopia where he was born but had not visited during the past 27 years. It was great for him to reunite with his siblings and other family members. Since he was in Addis Ababa the population grew from 2.7M to over 8M.



Todd Nitkin reported on his trip to Liberia for Northwest Medical Teams. Liberia's first woman president, Ellen Johnson-Sirleaf, came to the opening of the Child Survival Program. The four-year, \$1.25M Child Survival and Health grant is focused on reducing devastating illness and death in children under five in Liberia.

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We warmly welcomed prospective Rotarian **Don Hiruo**, Director of Business Development, Goodwill Industries, International, who visited the club for the first time. Treasurer **Alan Cookson** has distributed invoices for third quarter dues.



Project Aids Iraqi Land-mine Victims

By Lisa Baker RI News 24 July 2007

More than 50,000 Iraqi women and children have lost limbs to land mines, leaving them unable to work or attend school. Prosthetic limbs are very expensive in Iraq, and with hospitals frequently shutting down because of wartime conditions, prostheses – or even basic medical care – are difficult to find.

In response, the Rotary Club of Montgomery Village, Maryland, USA, along with District 7620, created a Rotary centennial project in 2003 – the Basra Prosthetics Project – to help train Iraqi Ministry of Health physicians in Basra and raise money to provide necessary prosthetic limbs and equipment.

Montgomery Village Rotarians enlisted the help of numerous Rotary clubs as well as outside organizations for the project. In 2006 after three years of fundraising, they were finally ready for their first training mission, but traveling to Basra was no longer safe. With the help of the Jordanian Embassy in Washington, D.C., the King Hussein Medical Center in Amman, Jordan, opened its doors to the project. Members of the Rotary Club of Amman Cosmopolitan also opened their

homes to the project by hosting all the volunteers.

In May 2006, eight Iraqi doctors and six people with amputations joined trainers and Rotarians in Jordan to learn how to correctly fit prostheses and get trained in prosthetic physiotherapy. The goal of this mission was to teach doctors to make more prostheses accurately and quickly to help more civilians.

“There are up to 5,000 amputees, not only from Basra but from three other nearby areas,” says Dr. Muslim A. Yousif, manager of the Basra Prosthetic Center in Iraq. “Currently, we can only produce approximately 50 prostheses monthly.”

Linda A. Smythe, chair and founder of the Basra Prosthetics Project says, “It would take years just to make prosthetics for those 5,000 people, but that number is constantly rising. We are trying to train Iraqis to look after their own people by teaching them how to make more prosthetics and fit them faster.”

To date, the Basra Prosthetics Project has received more than US\$400,000 in donations from Rotarians and other project partners, including Al Hussein Society for the Habilitation/Rehabilitation of the Physically Challenged; the Jordanian Embassy in Washington, D.C.; Hanger Orthopedic Group; the International Monetary Fund; the Iraqi Ministry of Health in Baghdad; the Mosaic Foundation; Physicians for Peace; Security International; and the U.S. Department of State. The project still needs to raise money for training and supplies and to collect prosthetic devices.

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***Phil Meade's Presentation
to the Rotary Club on July 19, 2007***

How to Live in the USA And Not Pay Any Taxes - Legally!

That's right, no taxes - legally! I'm not talking about the scam of turning your house into a church and declaring all your assets and income tax exempt on religious grounds. Or, as Steve Martin suggests, telling the IRS, "I forgot." I'm talking about skillful manipulation of IRS rules so you avoid paying taxes, legally.

Take, for example, the all American, upper bracket, two kid family, of Chuck and Fanny Roast. Chuck is a consultant and earns approximately \$150,000 a year from his practice. Fanny is a corporate executive officer and makes even more than Chuck. Through prudent financial management and an inheritance, the Roasts have now amassed \$2,000,000 in bank accounts and other assets which currently earn another \$100,000 a year. They live in a 3 bedroom, 2 bath house in Potomac, MD.

Financially, things couldn't be better for the Roasts except for one problem: those nasty taxes on everything in the US. For years, Chuck and Fanny were willing to play along with the IRS's rules, but then ... Chuck Roast hit his midlife crisis. A sports car, a hair

transplant, and suddenly, Chuck can no longer tolerate having the IRS as a fifth dependent. Chuck declares war: no more taxes.

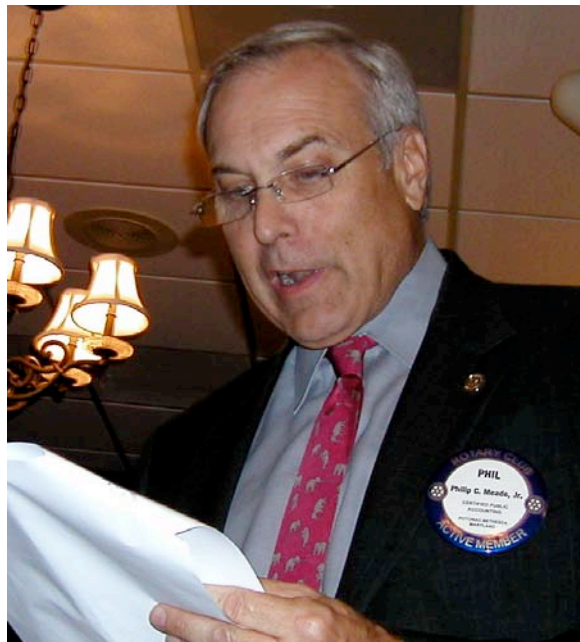
Here are some of the IRS impositions that drove Chuck to the point of madness and what he did to avoid paying all taxes yet elude an all expense paid life long vacation to Leavenworth, Kansas.

Individual Income Tax - Under our present tax law for 2007 there are six income tax brackets - 10%, 15%, 28%, 33%, and 35% with the 35% tax bracket commencing at taxable incomes over \$349,701 for both married and single taxpayers.

Chuck and Fanny's first step was to eliminate all of their taxable income yet maintain an adequate cash flow. Chuck quits his job and also persuades Fanny to quit working. Chuck converts their bank accounts into municipal bonds with a 4% yield. They now earn \$100,000 of tax exempt municipal bond interest income annually.

Social Security Tax - The next major tax to avoid is the social security tax

which is comprised of two taxes, FICA and Medicare tax. For 2007 the FICA tax is 6.2% of wages up to \$97,500 and the Medicare tax is 1.45% of all wages. If you are self-employed these social security taxes are double or 15.3%.



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As Chuck and Fanny quit their jobs, they no longer pay into this system. Chuck decides not to pursue collecting Unemployment Compensation Benefits since they are fully taxable.

State Tax - Of the three local jurisdictions, DC has the highest individual income tax rate up to 9.5%, Maryland up to 8%, and Virginia up to 5.75%.

Chuck and Fanny have converted all of their income to municipal bond income in the state they live in, so they have no taxable income, and no state income taxes.

Real Estate Tax - Each state annually imposes a real estate tax on all property owned. Chuck and Fanny can no longer live in their house or own any real estate property. The Roasts sell their house, happily take advantage of the \$500,000 capital gain exclusion since they jointly owned their home for two of the past five years, but grudgingly pay the 15% capital gains tax, the 8% MD income tax and their share of the MD and Montgomery County transfer taxes. They buy more municipal bonds, and move the family to an apartment.

Sales Tax - Each state has a retail sales tax with different twists - DC at 5.75%, MD at 5%, and VA at 4.5%. Chuck now buys his family's clothes and possessions at yard sales to avoid the sales tax.

Utility Tax - Chuck is infuriated that our government makes us pay taxes on our electric, gas, oil and water bills. So in the summer he makes a paper fan to stay cool and in the winter he provides extra coats and blankets to stay warm. The landlord isn't so keen about having his pipes burst in the

winter and evicts Chuck and his family. Fanny tries to reason with Chuck.

Chuck moves his family and worldly goods to a cave in the park. He can now have a fire and keep warm in the winter and cook his food during the day. He gave up on owning a phone since there are Federal, State and County telecommunications taxes. Fanny tries shouting at Chuck.

Chuck gives away the family car because he no longer wants to pay personal property tax and he was really mad when he found out about having to pay the federal gasoline tax of 18.4 cents and MD gasoline tax of 23.5 cents a gallon. Luckily Chuck gives away his car before he had to buy new tires since there was a Federal excise tire tax. Fanny stops talking to Chuck.

Chuck can no longer drink alcoholic beverages with our federal government charging an alcohol tax of \$13.50 per gallon for distilled spirits, \$18 per barrel of beer, and up to \$3.40 for each gallon of wine. Likewise, Chuck can no longer buy tobacco products with our Federal government imposing a tobacco tax of 39 cents and our Maryland government imposing an additional \$1.00 per pack of cigarettes, another 19.5 cents a pound on chewing tobacco and \$1.10 on pipe tobacco. Since Chuck is a heavy smoker and doesn't want to quit, he grows his own tobacco next to his cave. The crop comes in but when he goes to the store to buy cigarette papers, he returns empty handed when he discovers that there is a tax of 3/4 of a cent on each 50 rolling papers and resorts to using leaves. Fanny calls her lawyer.

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Chuck and his family must have food to survive but Chuck does not want to pay sales tax, especially the 5% Maryland restaurant tax. So once again Chuck and his family grow some of their food. Now, like a real cave man, Chuck becomes a hunter/gatherer. He tries to buy a gun, but is turned away when he learns there is a 10% excise tax. He goes to buy a bow and arrow, but demurs when he learns there is an 11% tax. He can't even buy a sport fishing rod because there is a 10% tax. Chuck returns home to his cave, decides he can find a rock to make a sling for hunting, take a branch and some string to catch fish, and then use the same pole to construct a bow to hunt game. Chuck does not get a fishing or hunting license and hides from the park ranger.

By this time Chuck's family is pretty fed up and demands to be taken on a vacation. Chuck envisions going to Atlantic City to see the shows, and maybe gamble a little at the casino. But they can't stay at a hotel because there is an occupancy tax, they can't see the shows because there is an admissions tax, and they can't gamble because there is a wagering tax. Besides they can't get there by train, plane, motor vehicle or air since the ticket is subject to a transportation tax. Chuck suggests they watch the sunset instead.

Fanny files for divorce, takes the kids and the bulk of Chuck's assets. Chuck now pays nondeductible, nontaxable child support to Fanny. Chuck is still left with two and 1/2 million dollars in municipal bonds but is feeling pretty low without his family. He wants to crawl into his cave and die. But no, he can't die. Then someone would have to

pay federal estate tax and state inheritance tax.

To escape death taxes, Chuck starts giving away his money. But he has to be careful to avoid paying gift taxes. He can give up to \$12,000 a year to as many individuals as he likes, pay all education and medical expenses directly to the provider, without having to pay or file any gift tax returns.

Finally, Chuck arrives at the point where he pays no taxes. He has no money. Fanny sues him for back child support.

School uniform project boosts Brazilian students' pride

By Joseph Derr RI News Photo courtesy of Candido Garcia Soler 25 July 2007

When we think of typical Rotary projects that promote literacy and education, donating books or tutoring children might come to mind. But Rotarians from Mexico and Brazil thought of school uniforms and gym shoes – and made a big difference in the lives of children from Tanabi, Brazil.

Since 2003, Tanabi Rotarians have volunteered as tutors at the Lar das Crianças (Children's Home), an institution in Tanabi that provides free extracurricular programs for 150 children, ages 7–11, from low-income families. Most public schools in Brazil operate only for a half day, so at the Lar at-risk kids from low-income communities in Tanabi find a safe place to continue learning and playing while their caretaker works. The home offers before- and after-school activities, such as classes in music, dance, English, computer skills, and swimming, as well as provides

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nutritious meals.

While visiting the project on an Individual Grant, Ted Rose from the Rotary Club of Colima, Mexico, saw an opportunity to add to the project.

"I noticed that the children who came to the Larwere shabbily dressed, some more so than others," says Rose, who came to Brazil on the invitation of Tanabi Rotarian Candido Garcia Soler, a dentist who met Rose when he volunteered at Project Amigo in Colima in 1998.



At-risk kids from Tanabi, Brazil, received new school uniforms and supplies thanks to a Matching Grant organized by Rotarians in Mexico and Brazil.

"If all the children dressed alike, they would be on a more even footing with each other," says Rose, who has volunteered at the project twice, including for two months in 2004.

In 2006, the Rotary clubs of Tanabi and Colima formed a partnership for a Rotary Foundation Matching Grant, inviting the

Rotary clubs of Pihuamo, Coquimatlán, and Villa de Alvarez, Mexico, to join them and the Rotary Club of Columbia Center, Washington, USA. With a District Designated Fund and the matched grant, the total project funding of US\$12,150 helped the clubs purchase uniforms for all of the children. In addition, each student received school supplies, gym shoes, swimsuits, and caps.

"Many of the students and teachers were very moved when they saw the packs, which because they received them in December, became almost like Christmas presents for the kids," says Soler.

Tanabi Rotarians have seen the students' interest in learning and participating in activities intensify after the packs unified them as a cohesive group. "The uniforms have not only leveled the playing field, they have hugely contributed to the children's sense of self-worth and self-pride," says Rose.

It was also a boost for many of the Mexican clubs, for whom this was the first international project outside their local communities. The Tanabi Rotarians continue to host Rotarian tutor volunteers from overseas, fostering the language and geography skills of the Tanabi kids.

Rotary Needs You!

We are looking for men/women in a variety of professions – just a few vocations are listed below:

- Banking and Wealth Management**
- Engineers-All Types**
- Journalist/writers**
- Small Business Owners**

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