ON THE JOB

# Relocating for love not taboo after all

**By Lily Garcia**
SPECIAL TO THE WASHINGTON POST

A reader writes:

*"I am planning on moving this spring to live with my boyfriend while he goes to graduate school. I am going to start my job search this month, but I've run into a problem. How do I explain my job search in a new city? Since I have no connections to XYZ City, and I'm leaving a pretty decent job, I definitely don't want employers to know that I am following a boy and, most likely, going to move again in a year and a half. What do I say?"*

The response:

Why wouldn't you want your employer to know that you are moving to be reunited with your significant other? That is the definition of a boyfriend for whom one is willing to leave a "pretty decent" job in a familiar city. The prospect is exciting, romantic and universally appealing. The chances are good that the interviewers who hear your story have either been in the same spot as you or are close to someone who has. Whether their story ended happily or tragically, they are sure to understand the compelling emotional reasons that have led you to your choice.

When I was a graduate student looking for a job in the economically depressed early '90s, my classmates and I were forced to expand our job searches well beyond the geographic limits of our family ties. I researched the socioeconomic data of such far-flung cities as Minneapolis, Denver, Austin, and Philadelphia, preparing richly detailed and wholly unconvincing speeches for my interviewers regarding why I was so interested in moving thousands of miles from my home state of Florida. Oh, to have had a half-sibling, an eccentric great uncle, or even a godmother residing in their metropolitan areas! The emotional connection would have been more believable. But being able to say that I was moving because of love? Now that would have been the ace of spades.

I suspect that your discomfort with sharing the reason for your move is rooted in your own ambivalence about what you are doing. Your heart is telling you that you cannot wait a moment longer to be with your guy, but your rational mind is judging you a fool for leaving behind so much economic security for a less-than-sure thing. Before you open your mouth to explain to a perfect stranger why your decision makes sense, make sure that you yourself have fully bought in to the idea.

**Before you open your mouth to explain to a perfect stranger why your decision makes sense, make sure that you yourself have fully bought in to the idea.**

Practice telling the story in front of a mirror and ask yourself honestly whether you would hire yourself.

Regarding the likely duration of your stint in XYZ City, I think that is pure speculation. Between now and the end of your significant other's graduate program, you may both fall in love with the area and decide to stay a while. You may find the perfect job and choose to give it another year or two before considering a move back home or elsewhere. It is also possible — although I hope not probable — that your romantic relationship will end and you will be left with sensible, independent reasons for adopting XYZ City as your home. The truth is, you never know. So I do not think it would be dishonest to keep the expected duration of your boyfriend's graduate studies to yourself during interviews.

But do not keep quiet about your boyfriend. Even if your interviewer neglects to ask the obvious question about why you are relocating, volunteer that you are eager to move to solidify an important long-distance relationship. Your story will make you memorable, sympathetic and more likely to achieve your objective of moving in with the man you love.

COFFEE BREAK

# More changes possible for confusing estate tax

## There's a big difference between state and federal policies

**By Joseph R. Perone**
STAR-LEDGER STAFF

**Kenneth Hydock is member in charge of taxation services at Sobel & Co. of Livingston.**

Death and taxes — the two givens of life — intersect this year in a strange way.

Federal estate taxes have been repealed for 2010. So, anyone who dies this year can leave their heirs an inheritance free of the federal estate tax. However, the heirs will still be hit with New Jersey's estate tax, which can be as high as 16 percent.

The federal estate tax has been ratcheting down ever since the Economic Growth and Tax Relief Reconciliation Act passed in 2001. The act gradually repealed a previous law that put the estate tax as high as 55 percent on any amount over $1 million.

The House of Representatives passed a bill in December that would have kept the estate tax at its 2009 level, with a top rate of 45 percent on anything over $3.5 million. However, the Senate failed to act on the bill.

Congress might decide this year to reinstate the estate tax retroactive to Jan. 1, according to Kenneth Hydock, member in charge of taxation services at Sobel & Co., a Livingston accounting firm.

Hydock, of Mendham Township, is an accredited estate planner, certified public accountant and attorney and is a frequent speaker on tax issues. He spoke to Your Business about changes in the estate tax:

**Q. How does the federal tax law affect the estates of people who died last year?**

A. In 2009, each individual was allowed to die with $3.5 million and not pay any federal estate tax. Anything over $3.5 million was subject to a top tax rate of 45 percent. Your heirs received a step-up in basis to fair market value for assets. That means if someone passed away with $3.5 million worth of IBM stock that was bought 40 years ago with a tax basis of $1 a share, the heirs would not pay capital gains tax when they sell the stock.

**Q. What changed for 2010?**

A. In 2010, there is no estate tax. There is also no generation-skipping transfer tax.

**Q. What is the generation-skipping transfer tax?**

A. If someone dies, rather than give their estate to their children who may have to pay estate taxes on their death, they try to transfer it to their grandchildren. The government previously placed a tax on that for transferring the wealth to another generation.

**Q. What happened to the gift tax for 2009?**

A. You can give someone up to $1 million without paying federal gift taxes in 2010. But if you give someone more than $1 million, there is a gift tax of 35 percent, which is lower than the rate was in 2009.

**Q. How are stocks treated for 2010?**

**In 2009, each individual was allowed to die with $3.5 million and not pay any federal estate tax. Anything over $3.5 million was subject to a top tax rate of 45 percent.**

A. If someone passed away in 2009, the heirs could sell the $3.5 million of IBM stock the next day, and there would be no capital gains tax. In 2010, if you passed away with $3.5 million of IBM stock, there would be no estate tax but there would be an income tax on the capital gain if the heirs sold the stock. An executor could exempt $1.3 million of the IBM stock so you wouldn't have to pay taxes on $1.3 million of gain. But anything in excess of that is taxable.

**Q. So you would have to pay tax on $2.2 million of the stock sale?**

A. Right. And now the tax rate on that sale is 15 percent.

**Q. How do you figure out the cost basis if your parents bought the stock 40 years ago?**

A. You are supposed to use actual cost, but many times it is not available, and this creates a problem. Let's say your parents bought AT&T stock, and they had it before it split into the seven Baby Bells in the 1980s. You would have to find out how much they paid for it. You can check with your parents' broker or try to find out what year they bought it. Then check the company's website or Yahoo Finance to get the average for that year.

**Q. What will happen to the estate tax this year?**

A. We think the estate tax could be reinstated. Congress could do something this year, possibly retroactive to Jan. 1 and go back to the $3.5 million exclusion with a top rate of 45 percent on anything after that.

**Q. If someone dies now, when is their estate tax return due?**

A. The 706 Estate Tax Return is due nine months from the date of death.

**Q. How would a stock sale be treated if a surviving spouse sold the family's shares?**

A. If the estate goes to a spouse, the spouse gets an additional $3 million exemption in addition to the $1.3 million exemption. So, the spouse gets a step up to $4.3 million, for the purposes of selling stock or other assets. She would not have to pay income taxes on assets that are sold for less than $4.3 million, which would cover 99.9 percent of the estates out there. The spouse never pays an estate tax.

**Q. What about New Jersey's estate tax?**

A. New Jersey has not changed. There is still a $675,000 exemption. Anything over that would be taxed, and rates range from 4.8 percent to 16 percent.

**Q. Aren't nieces and nephews treated differently from sons and daughters by the state inheritance tax?**

A. Yes. Non-direct lineal descendants are subject to a transfer inheritance tax for anything over $500. So, if you die with no children and no spouse, and your estate goes to cousins, nieces and nephews, there is a tax. The tax rate can range up to 16 percent.

*Joseph R. Perone may be reached at jperone@starledger.com or (973) 392-4262.*

# White House touts latest report on the progress of U.S. economy

## Stimulus package saved million of American jobs, Obama says

**By Philip Elliott**
ASSOCIATED PRESS

The United States is likely to average 95,000 more jobs each month this year, while personal savings will remain high as credit remains tight, according to a White House report released yesterday.

The Council of Economic Advisers also trumpeted the $787 billion economic stimulus package, which it said has saved or created about 2 million jobs.

In a message to Congress, President Obama pointed out that the economy he inherited was losing 700,000 jobs each month.

"I can report that over the past year, this work has begun. In the coming year, this work continues," Obama said in a letter he sent to the Capitol attached to his economic update to lawmakers.

Casting its first year as positive, the administration's 462-page report served as a summary of its logic and a pitch for Obama's future agenda.

The economic report to the president is an annual document prepared by the Council of Economic Advisers, the White House's three-person internal think tank.

It includes a summary of trends and internal predictions for economic indicators. By law, it must be sent to Congress within 10 days of the White House's budget proposals.

Recognizing that voters were likely to hold Obama responsible for the economy, the White House team cast blame on their predecessors and unpopular Wall Street bankers.

It's not clear whether that strategy would resonate with voters. Republicans were quick to describe the document as propaganda masquerading as governing.

**"Instead of praising themselves and blaming others, a greater focus on small businesses and smart solutions to reduce uncertainty and create jobs would be welcomed."**

*Republican House Whip Eric Cantor of Virginia*

"The Obama administration's report is full of blame for the policies of years past, praise for its own failed policies of the past year and promises about their ideological agenda to grow government," said Republican House Whip Eric Cantor of Virginia.

"Instead of praising themselves and blaming others, a greater focus on small businesses and smart solutions to reduce uncertainty and create jobs would be welcomed and is long overdue," Cantor said.

The White House defended its report, casting it as a summary of the administration's approach to an economy that was on the brink of collapse when Obama took office just more than a year ago.

"We didn't need a report from Dr. Romer to justify taking extraordinary action to save our economy; 763,000 people in January of 2009 lost their job," press secretary Robert Gibbs said.

"I don't think you need more evidence that something had to be done."

Indeed, even adding an average of 95,000 jobs each month, unemployment is likely to remain around 10 percent through this year and not fall below 6 percent until 2015. And while Americans are likely to save more for big-ticket items such as homes or cars, it means a slower recovery for a nation that has lost 8.4 million net jobs since this recession began in December 2007.

"We tried to do an honest, conservative forecast, to make sure that we were basing our budget numbers on ... as close to the consensus and reasonable forecast as we can," Romer told reporters at the White House yesterday.

Obama's economic report predicts the economy could grow at a rate of 2.5 percent, in line with what the administration's economists predicted last year.

Mark Zandi, founder of Moody's Economy.com and a frequent adviser to lawmakers, said the White House economic projections track his own. A jobs bill worth $100 billion to $150 billion, he said, would help lower unemployment rates.

That also lines up with a bipartisan Senate proposal that promises to add 80,000 to 180,000 jobs over a year.

"If we go back into recession it will be very difficult to get out of it," said Zandi, who advised Obama's rival, John McCain, in the 2008 presidential election.

It will be even tougher if Americans continue to save at high rates — somewhere in the 4 percent to 7 percent range — as the White House report predicts they will, until the financial services sector eases lending.

NATIONWIDE


DANIEL ACKER/BLOOMBERG

**PepsiCo plans to launch more new snack products and speed growth in developing markets, which it expects to boost revenue and profit.**

### Pepsi reports increase in Q4 profit, says it's close to a $7.8B buyout

PepsiCo's fourth-quarter profit almost doubled on strength in its snacks business and overseas beverage operations, and the company said it will keep expanding internationally to buffer the slumping U.S. soft drink market.

The snack and drink maker also said yesterday it expects more savings from its buyout of two of its bottlers, a deal it says will help it get new products to market more quickly because it will control their distribution.

The company said the deal, valued at $7.8 billion, should close by the end of the month.

PepsiCo will launch more new snack products and speed growth in developing markets, which it expects to boost revenue and profit. International sales are becoming increasingly important for beverage makers, who are facing a soft domestic market as people shift toward healthier juices and teas or cut back on purchases to save money.

"We have big business in countries outside the U.S.," said CFO Richard Goodman. "We'll continue to grow there because that's where the opportunity is."

### Walmart, Procter & Gamble team up and venture into TV programming

Walmart Stores and Procter & Gamble said they will produce "family-friendly" television programming to advertise dog food, batteries and cereal sold by the companies.

The first venture will be a two-hour movie on the NBC network April 16, Walmart, the world's largest retailer, and P&G, the biggest packaged goods company, said yesterday in a statement. They didn't disclose the cost of the project.

The collaboration stemmed from research by the Association of National Advertisers showing only 23 percent of consumers were satisfied with the amount of family-oriented TV programming, the companies said.

### Obama says automakers are obliged to address safety issues quickly

Automakers have a duty to act "quickly and decisively" on safety complaints, President Obama said in his first public comments on Toyota Motor's handling of defects that led to recalls of 8 million vehicles worldwide.

"Every automaker has an obligation when public safety is a concern to come forward quickly and decisively when problems are identified," Obama said in an interview with Bloomberg News at the White House.

Toyota, the world's largest automaker, recalled 437,000 hybrid vehicles this week, including the Prius, for brake software glitches, following recalls of almost 8 million cars and trucks worldwide to fix defects linked to sudden acceleration.

*Star-Ledger wire services*