

# IRAs Offer Savings on Taxes While Providing for Retirement

Carolyn Johnson, a divorced hairdresser, liked her job at a small beauty salon but felt uneasy when she thought about retirement: Would her Social Security checks be enough to live on comfortably?

Her friend Barbara Cooper, a homemaker, had never thought much about retirement because Barbara's husband, George, made a good living as a self-employed electrician. But when George thought about the future, he sometimes wondered whether he would be better off working for a large company that offered a pension plan.

These individuals are not real but their problem is. Nearly one million North Carolinians are not covered by pension plans because they are self-employed or working for companies without the retirement programs.

But these people can provide for their retirement — and save on taxes while

doing so — by opening individual Retirement Accounts (IRAs), which are do-it-yourself retirement savings plans.

Through IRAs, working persons who are not covered by qualified pension plans can deposit as much as 15 per cent of their earned income, up to \$1,500 a year. In this case a total of up to \$1,750 may be contributed to separate accounts up to \$875 each.

Banks are permitted to offer as much as eight per cent annual interest on the accounts. This means that a person who opens an IRA at age 35 and deposits \$1,500 a year will have a nest egg of \$200,367 at age 65. The same deposits would grow to only \$94,708 in a regular taxable savings account. Many IRA plans allow participants to make deposits on a flexible basis, including weekly or monthly de-

posits, throughout the year. IRAs offer two-fold savings on income taxes: first, contributions to the accounts can be counted as deductions from the year's gross income, thus reducing the amount of income taxes owed, and second, tax rates are usually lower when contributions and interest earned are withdrawn during retirement years.

Withdrawals from IRAs may begin as early as age 59 1/2 and as late as age 70 1/2. Except in cases of death or permanent disability, early withdrawals are subject to federal penalty taxes. If death occurs, at any age, the IRA funds are paid to the beneficiary without penalties.

Before opening an IRA, a person should check on the amount of interest offered, how it is compounded and how long it is guaranteed, according to James T. Brewer, head of the Retail Banking Department of Wachovia Bank and Trust

Company in Winston-Salem. Other factors to consider are how often deposits may be made, how often withdrawals may be made after retirement and whether the bank charges an administration fee.

Women working in a wide range of jobs, including those who don't work outside the home, may be eligible for the plans, Brewer said. Married women who do not earn wages can be covered under their husbands' IRAs.

Women today have a greater need than ever before to establish long-range financial plans, said Brewer. He attributed the need to the increasing number of women in the workforce and the increasing number of families with incomes from both spouses, as well as the

increasing number of one-parent homes.

The discontinuation of pension plans at many companies during the last three years also has affected many women who might have been counting on a retirement annuity.

Brewer said several recent federal regulation changes benefit those holding the accounts:

- The annual interest rate has been raised from 7 1/4 per cent to eight per cent.
- The previous February deadline for establishing or contributing to an IRA has been extended to when tax returns are filed, including extensions.
- Reporting has been simplified. Standard reporting for income taxes may now be made on form 1040 without using additional forms.



**AMBASSADOR'S LUNCH** — Andrew Young (R), U.S. Ambassador to the United Nations, lunches with Israeli U.N. Amb. Joel Alon at function held by the Anti-Defamation League of B'nai B'rith. Amb. Young was the principal speaker UPI

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2195	10	3922	277	139	21,950
3071	5	2576	198	99	15,355
43,843	1	180	14	7	43,843
61,403	A&P products @ 75 each	129	10	5	46,052
112,065		71	55	275	221,110

The Super Cash Bingo game is available at 130 Dept. Atlantic & Pacific Tea Co. stores located in North Carolina, South Carolina, Florida, Georgia, and Washington D.C. Regions. This promotion is scheduled to end on April 11, 1979. Super Cash Bingo will officially end whenever all game tickets are distributed.



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**FOOD FOR PART-TIME ATHLETES**  
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If you're an adult jogging your way to physical fitness, you're burning approximately 700 calories an hour—almost double the number used by tennis players in the same amount of time. You consume 725 to 1000 calories per hour running and 270 to 500 calories an hour bicycling.

Using all this extra energy, do part time athletes need special foods or diet supplements? In general, nutritionists agree that the best diet for an athlete is not very different from that for the same person engaged in less vigorous pursuits. Everyone needs the same basic nutrients: vitamins, minerals, carbohydrates, fats, proteins and water.

The major difference between active and inactive people is the amount of water and calories needed. And while you need more calories per hour to provide continued energy during sports activity, it usually makes little difference whether the extra calories come from protein, carbohydrate or fat in short term

events. However, some studies indicate that complex carbohydrates—such as bread or pasta—are the best energy source for prolonged events because they produce more oxygen which is needed by the muscles and other tissues.

Your need for protein doesn't increase with strenuous exercise—contrary to belief—but your water requirement does, as well as your need for certain minerals.

It's important to drink an adequate amount of liquid during vigorous activity to replace the water and minerals lost through perspiration. Water is the best choice because it travels rapidly through your bloodstream to all parts of the body. Soft drinks and fruit and vegetable juices contain enough sugar to delay the passage of liquid to the body areas where it is needed, thereby producing a feeling of fullness.

Most authorities recommend three balanced meals each day or perhaps five to six smaller meals.

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