

Zero coupon bonds a plus

CHARLES ROSS

Your Personal Finance



Zero coupon bonds are investments that are bought at a discount from face-value. When they mature, you get the full value. For example, you might purchase a \$1,000 face-value bond for \$500.

Zeros tend to yield slightly higher than regular coupon-attached bonds, and they are also extremely volatile. This means that fluctuations in interest rates can create major gains and losses. A 1 percent rise in interest rates can mean a 10 percent loss in the current value of your zeros, but you will still get the full face-value if you hold the bond until maturity.

Municipal zeros are issued by state and local governments, and some corporations issue zero-coupon bonds. Ask your investment advisor about current selections.

Tax considerations

The best way to take advantage of the compounding interest in zero coupon bonds is to hold them until maturity. But be aware that, although you might be willing to postpone receiving the interest until the zeros mature, the IRS is not so patient. Taxes are due as interest accrues, and corporate zeros are fully taxable. You will escape state and local taxes on treasury zeros, and often on municipal zeros.

Another important tax matter to remember is that the tax basis of zeros increases as interest accrues. You should get information from your broker or the bond issuer each year showing how much interest accrued, and add that to your basis.

The investment decision

For people with a well-defined long-term goal, such as sending a child to college, zero-coupon bonds can be a great option with a set return and fixed maturity date. Zeros are also good for IRAs because with an IRA you don't pay taxes on the interest a zero accrues. They also appeal to investors who dislike tinkering with their portfolios. Zeros can run on autopilot until maturity.

Zeros can offer the possibility of dramatic gains, too. If interest rates decline, the value of your zeros shoots up, and selling before maturity could prove very profitable. However, don't forget that the risk of loss is just as great. Treasury zeros are a high-quality investment that can be easy to sell in an emergency. Municipal zeros would be the next best choice.

Getting the lowest airfare

The battle of the airlines is no longer among the large carriers. Smaller, regional carriers are also flexing their muscle. Knowing the right questions to ask in planning your flight could help you get off

See COUPONS page 7A



PHOTO/JAMES BROWN

Connie Green leads youngsters through the new Angels Christian Day Care Center on Glenwood Drive during an open house last week. The center is one of the largest owned by African Americans in Charlotte and can accommodate up to 200 children. It has a separate building for toddlers and infants.

"The Lord gave us a vision. We put it on paper and had it drawn up and my husband built it from the ground up. The only experience he had was working with his grandfather, a carpenter, when he was a little boy."

—Connie Green, owner Angels daycare

Heaven for little angels

Daycare owners celebrate growth

By John Minter
THE CHARLOTTE POST

It all started when Connie Green decided she didn't like the day care centers she visited looking for a place for her son.

Besides, what she really wanted to do was stay home with her children.

Roger Green, her husband, was supportive.

Eleven years later, the Greens run one of the largest day care centers owned by African Americans in Charlotte.

They held open house at their Angels Christian Day Care last week. The facility at 3801 Glenwood Drive occupies three buildings on three acres.

"I had looked all over Charlotte and I wasn't satisfied with the day care," Green said. "I asked my husband to start a day care in our home."

Before long she had to move to a separate location on Ashley Drive.

"I started with five children, then to 15. Then I was

licensed for 25, then 40. When we got to the maximum we sold that location and moved to the Freedom Village shopping center. We were licensed for 120. We stayed there six years in leased space.

"From there, we saved our money and built our own little heaven on earth for little children."

On the new campus, the main building is 10,000 sq. feet. There's a special infants and toddlers building and an after school care building. The campus can accommodate as many as 200 children.

The Greens used to own centers in three separate locations. Those have now been consolidated into the Glenwood Drive campus, where they have operated since mid-December.

The Greens are Apostolic Pentacostal ministers, associates at their church — Calvary Christian Church on Kilbourne Avenue. They use the A Beka religious-based curriculum for ages 3-5 at their center.

"Most of the Christian schools use it," Connie Green said. "It is a Christian curriculum, but is also includes secu-

See CHILDCARE page 8A

Money management

The ABCs of investment clubs

Amanda S. Danchi,
SPECIAL TO THE POST

Al is a retired plumber. Barbara is a young widow with three children. Carol and Dave are a professional couple. Once a month, they get together with 10 others in the local library meeting room. After some small talk, each person places a check for \$50 on the table. A high stakes card game? Not a chance. In this game, the members don't play against one another—they're members of an investment club and they win and lose as a group. An invest-

ment club is a group of friends, neighbors, relatives, business associates or others who pool their time, talent and money to research and invest in stocks, according to the North Carolina Association of CPAs. The National Association of Investors Corporation estimates that there are now more than 32,000 investment clubs in America, about half of which belong to this umbrella organization of investment clubs. Altogether, NAIC investment club members have invested more than \$1.2 billion.

How do investment clubs work?

Typically, investment clubs have 10 to 15 members who

meet monthly to invest a modest sum of money, perhaps \$20 or \$50, in the club's portfolio. For most investment club members, gaining investment savvy is as important as earning money. That's why in successful investment clubs, each member is responsible for contributing knowledge and research to the team effort. Most clubs assign each member to study a specific stock. Writing for annual reports, studying investment publications and tracking a stock's past performance are some of the tasks members are expected to perform. Club members also monitor the performance of the club's current holdings. Some clubs invite guest speakers, such as local brokers or analysts, to speak

at their meetings.

Who decides what to buy and when to sell?

Some clubs determine whether to buy or sell a stock by majority rule, but most use a weighted voting system so that long-term members with more money at stake have more votes. The most successful clubs take long-term buy-and-hold approaches to investing, which CPAs say is the wisest strategy for the average investor.

How much do I have to contribute?

According to NAIC, the average monthly investment is about \$37. New clubs generally start with small monthly investments—about \$20—so members don't incur much

risk while they are learning the investment ropes. As members' investment know-how increases, clubs can raise the monthly ante.

Who pays the taxes?

A majority of the clubs currently operating are, for tax purposes, partnerships. Generally speaking, the club files a partnership return on which it reports the tax consequences of its transactions for the year as well as the shares of each member. As an investment club member, you pay tax on your share of dividends, interest, capital gain and other income earned by the club, as if you earned the income. For example, you

See CLUBS page 7A

Resolve to update your resume regularly

SPECIAL TO THE POST

You may have joined the gym, but you just didn't get around to working out. Or, you gave up smoking — for about a week. Maybe you resolved to stop procrastinating — at some later date. Whatever the case may be, most of us have a history of making and breaking resolutions.

If your past resolutions haven't been successful, perhaps a new approach is in order. What about your resume? When was the last time you pulled it out, took a

look at it, or better yet, updated it? Why not start off the new year by updating your resume.

In today's downsizing, restructuring, re-engineering world, it just makes good sense to be pro-active and explore your employment options. Regardless of the business climate, you may miss out on an exciting new challenge, because you're not ready when opportunity knocks.

"Many of our clients come in saying, 'I haven't needed a resume since college,'" says Barbara Katz, co-owner of

ResumeAmerica in Charlotte. "But, some catalyst — whether it's recent corporate changes or a decision to change career directions — prompts the need for a resume."

How often should you update your resume? "It's a good idea to make changes as they occur," explains Katz. "When you add a position to your employment history, be sure to reflect the achievements that led up to this new job or new job title. So often, resumes focus on job responsibilities. We focus on achievement-oriented resumes for greater results."

Other areas of the resume to review include the basic information like address and telephone number. Have these changed? If your resume was prepared when you graduated from college, are you carrying old information that is no longer needed? You don't want to sound like a student if you have been in your career field for several years.

Another important area to consider. Does your resume represent you well? Are you giving yourself credit for your accomplishments? Katz says this is often the biggest problem she sees in resumes that

individuals have written themselves. She describes this as "the understated resume."

Many job seekers are concerned that they will appear to be "bragging," so they often downgrade their results and achievements. The result is an ordinary and uninteresting job candidate, and the calls to come in for interviews are few and far between.

"I'm not suggesting you boast or inflate your information," explains Katz. "The number one rule in resume writing is 'tell the truth.'"

See RESUME page 8A

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