

Filing down your tax day frustrations: A planning primer

Amanda S. Danchi
SPECIAL TO THE POST

There's only one way to keep tax-time panic in check — collect and organize the information you need to prepare your 1995 tax return now, says the North Carolina Association of CPAs. The better prepared you are when April 15 rolls around, the more likely you are to avoid penalties and last-minute mistakes.

Round up your income statements

Begin gathering the W-2 forms you received from employers and the 1099 forms from your banks, brokers and mutual funds. By law, W-2 and 1099 forms must be mailed to you by January 31, 1996. Also, collect bank and credit card statements, canceled checks and documentation for other sources of income, such as pension benefits, tips and alimony. Next, check the information on these forms carefully. If you find a mistake, make sure you correct it before filing your return. When verifying the income shown on your W-2 form, keep in mind that if you contributed to a 401(k) plan, or set aside funds in a flexible medical or dependent care reimbursement account, these contributions already should have been deducted from your gross wages to arrive at your taxable wages

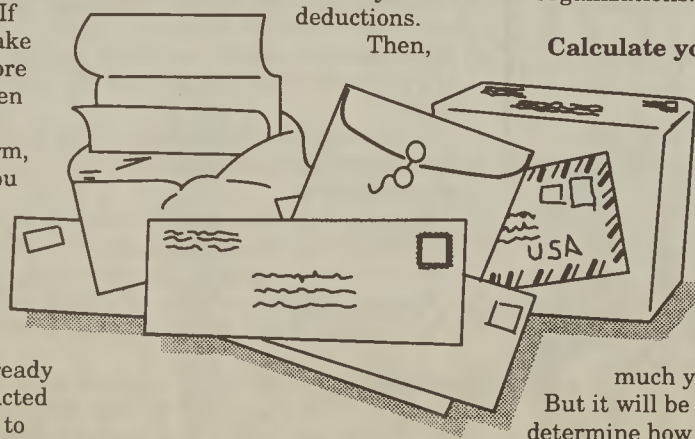
(or W-2 income).

Gather your filing forms

Don't wait until April 15 to discover you don't have all the forms you need to prepare your tax return. You may need more than just a 1040 form. For example, if you sold your home, you also would need Form 2119. You can call the Internal Revenue Service (IRS) at (800) 829-3676 for copies of any forms you need. Or use your computer to download any or all of the more than 500 tax forms now available on the Internet. The telenet address to request these forms is fedworld.gov; modem direct dial: (703) 321-8020.

Pull together your deductible expenses

Good records can help you secure the deductions to which you are entitled. First, use last year's return and supporting documents to jog your memory for deductions. Then,



Calculate your cost basis of shares sold

If you sold stock or redeemed mutual fund shares in 1995, you'll receive a 1099-B form indicating how much you received. But it will be up to you to determine how much you originally paid for these shares.

That amount — your cost basis — affects whether you must report the sale as a taxable gain or a capital loss on your 1995 return. If you can't find your original purchase confirmations, your broker or mutual fund company may be able to provide copies. Keep in mind that if you reinvested dividends in your mutual fund, they represent an additional investment, and increase the cost basis of your shares.

Since you already paid tax on those dividends as you earned them, merely subtracting the original purchase price from the sales price would have you paying taxes on them again.

The necessary calculations can get complicated, so allow time to work through the numbers. CPAs say you can make tax-filing time less frustrating by making every day a tax preparation day. To learn more about financial record keeping, send a self-addressed, stamped envelope to the North Carolina Association of CPAs, PO Box 80188, Raleigh, NC 27623-0188 and request a copy of the brochure "Taming Your Taxes: 1995 Filing Tips from CPAs."

MONEY MANAGEMENT is a weekly column on personal finance prepared and distributed by the North Carolina Association of Certified Public Accountants.

People on the move

• **Dan Buttrey** has been promoted to managing director for Source Services Corp. in the Charlotte market. He will be responsible for providing direction for all divisions in the Charlotte area.

Prior to joining Source, Buttrey worked for CSC in Ohio as regional sales manager. Source, which is the nation's largest full-service staffing firm, has 154 locations nationwide.

• **Kim Graham** has been promoted to assistant vice president at Wachovia Bank of North Carolina.



Graham

Graham joined Wachovia in 1988 as a service representative in Charlotte. She is currently a mortgage loan officer for Wachovia Mortgage of North Carolina. The 1988 Johnson C. Smith University graduate is a native of High Point.

• **Brian K. Davis** has launched a new magazine targeting African Americans.

Davis, a former Duke University basketball standout, is publisher of *Perspective* magazine, which hit newsstands in December. Charlotte has a distinct connection to the publication: Bill McCullough of McHenry Associates is developing the magazine's subscription

and advertising base in piedmont North and South Carolina, and Johnson C. Smith University graduate Katherine Wellman is its editor in chief. Charlotte native and former WBTV (channel 3) staffer Abby Flanders is a contributing writer.

Advertising agency to expand market reach

Continued from page 6A

right, they turned to companies like Burrell Communications, New York's Uniworld Group and Anderson's Communications in Atlanta to promote their products to the minority community.

Eva Wu, director of marketing for Sara Lee Corp.'s L'eggs division, says the company chose Burrell's Atlanta office to promote its Color Me Natural hosiery line.

"We choose a special market agency to promote the line because we felt they could do a better job of it," Wu said from her Winston-Salem office.

Burrell left Needham Harper & Steers, where he was a copy supervisor, in

1971 to found Burrell Communications. It took him six months to land his first client, cigarette-maker Phillip Morris. He created the first and only black Marlboro man, an urbanized version which now sits in the Smithsonian. He later picked up Brown-Forman Corp., a maker of whiskey and champagne.

"Clients I wanted had long-standing relationships with major agencies," he said. "Why would they want to do business with me? That (is what) led to the niche of the black consumer market. We bring something to the party that others couldn't. Insight into a growing market segment."

With the acquisition in November of New York-based DFA Communications, with

its 35 employees and \$25 million in billings, Burrell Communications became the largest black-owned advertising agency in the nation, and gained in ability to target markets beyond black consumers.

"I worked for 12 years in a general market agency," he said. "Just because we have been focusing on the black consumer market, that is not the only thing we can do."

But when an agency like Burrell enters the general market, it will face competition from other small, talented agencies, as well as from industry giants. Calder says some of the obstacles faced by specialty agencies such as Burrell are pretty much of their own making.

"There has long been a debate (in business) on whether you should view the various (ethnic) groups as separate markets, which how a lot of specialized agencies have looked at them as," Calder said. "The disadvantage is that it makes companies think of those agencies as specialty agencies. It's a Catch-22 situation."

Hotel rates often lower to wise

Continued from page 6A

Letter shows you are more likely to be quoted the lowest rate if you call the hotel desk directly and specifically ask for specials being offered. Many of the hotels surveyed even suggested the traveler check back for a lower rate closer to the time of travel.

If you plan to travel overseas, consider the cost of the calls before shopping hotel rates long distance.

How to think like a millionaire

A study of truly wealthy people shows that being rich is more about attitude than accumulation of symbols of wealth. A profile of a wealthy person usually looks like this: a businessman who has lived all his life in one city. He owns a small factory or chain of stores. He drives a modest car and lives in a modest home.

Most people who have money know the key to keeping it is to live below your means, which means they spend far less they can afford

on houses, cars, vacations and entertainment. Why? Because these things offer little or no return. The wealthy would rather put their money into investments or their businesses.

Which brings us to point number two. Most millionaires measure success by net worth versus income.

Maintaining a lifestyle of the "Rich and Famous" will deplete your fortune and diminish your ability to let your money make more money. Most millionaires know money attracts money, so they plow their income back into the business. Millionaires tend to spend their money on getting good advice that will help make more money. And more importantly, the wealthy almost always have firm goals and clear plans on how to reach them.

Wealth - a state of mind

Most millionaires measure success not by how much they make, but by what they own. Instead of taking their money

home, they plow as much as they can into their business or stock investments and other assets. Why? Because the government doesn't tax wealth, it taxes income.

Another aspect of wealth builders is they seek good legal and financial advice when needed. Those who spend heavily on cars, boats and houses tend to skip on tax or investment advice.

And finally, millionaires develop clear goals for their money. They may wish to retire early or they may want to leave an estate to their children. The goals may vary, but two things are consistent. They have a dollar figure they want to accumulate and they have a time-frame for how long they think it will take them to achieve it.

CHARLES ROSS is host of the nationally syndicated radio program, "Your Personal Finance," and author of *Your Common Sense Guide to Personal Financial Planning*.

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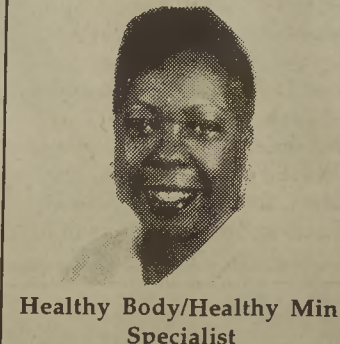


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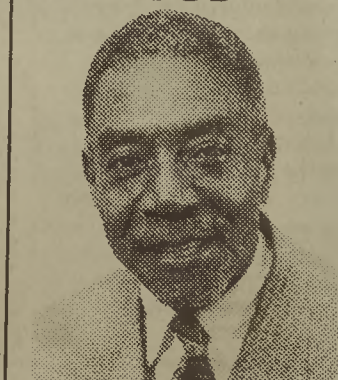
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