

STRICTLY BUSINESS

Use your 401(k) to save

CHARLES ROSS

Your Personal Finance



Virtually unknown a decade ago, the 401(k) has spawned nearly \$300 billion in savings. The plan is named for the part of the tax code that allows you to set aside untaxed dollars in a special account and encourages employers to match what you contribute.

With a 401(k), you are your own investment manager. The plan offers more and better investment choices than it did a few years ago, and more improvements are on the way. You should start your plan early and contribute as much as you can to take advantage of the tax break and the long-term power of compounding. If your company matches even half of what you set aside, then it's a no-brainer to participate.

In the past, others made decisions on your retirement saving, now you can do it yourself with a 401(k).

Don't be too conservative

There are a number of ways to successfully manage your 401(k). Many people unfortunately place most of their 401(k) money in a guaranteed investment contract. A GIC, as it is known, is a fixed-interest-rate option that is like a certificate of deposit except that it is sold by insurance companies rather than banks. Since fixed-rate investments rarely will make you rich, it is not wise to put all your money in GICs.

When it comes to your 401(k), go for a mix of stocks and interest-bearing assets. People who are 10 or more years from retirement should lean as heavily toward stocks as they dare. Stocks may be volatile over the short term, but they always outperform interest-paying investments over any given 15-year period.

You can't time the market

As you approach retirement, gradually shift to more conservative investments, but don't leave out stocks altogether. You'll need the growth they offer to protect you from inflation after you stop bringing home a paycheck.

As a rule of thumb, the percentage of your investments in stocks should equal 100 minus your age. So if your age is 30 you should invest 70 percent of your 401(k) in stocks. Don't try

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Business study best preparation for work

By Herbert L. White
THE CHARLOTTE POST

Business executives say majoring in business administration best prepares students for the workplace a survey reveals.

Forty-eight percent of respondents, surveyed by Accountemps ranked business

administration as the area of study that they'd recommend to students. Computer science was the choice of 18 percent of respondents, made up of 150 business executives from the 1,000 largest U.S. companies.

The results differ from a 1990 survey that revealed a three-way tie between liberal arts, business and computer science. Fourteen percent of respondents

picked liberal arts as the best training for business, while 11 percent chose accounting.

"A business administration degree provides graduates with a solid foundation in business operations and an excellent springboard for a corporate career," said Max Messmer, chairman of Accountemps. "The rapid increase in new business start-ups and expansion of

existing operations are making a business education particularly valuable."

Messmer added that while demand for computer expertise in the workplace is growing, majoring in the discipline has lessened in importance because of rapid technological changes.

"As technological advancements continue their rapid pace, many professionals are gaining

this knowledge on the job or through ongoing training," he said.

Liberal arts fell out of favor with business executives, taking a 15-point drop since 1990. The discipline, however, is still important as a vehicle for rounding out an education, Messmer said.

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Money Management

Protect your earnings

By Amanda S. Danchi
SPECIAL TO THE POST

What is your most valuable asset? Your home? Your retirement plan? Your stock portfolio?

The truth is that for most individuals, it's their ability to earn a living. If you're 35 years old, earn \$50,000 a year, and plan to work until you're 65, your future earning power is \$1.5 million -- and that's without factoring in raises and bonuses. According to the North Carolina Association of CPAs, it's critical that you take steps to protect your earning power, just as you would any other asset.

The best way to do so is by obtaining disability insurance which replaces a portion of your income if you are unable to work because of sickness or injury. The first step is to determine how much disability insurance you need. Start by figuring out the amount you would need to pay your bills and expenses if you couldn't work. Keep in mind that while you won't have work-related expenses such as clothing and commuting, you may have increased medical bills and higher household expenses for chores you can't do yourself.

Next, determine how much you may be eligible to receive from other sources. Review your employer's sick leave policy and determine whether the company has a wage continuation program. If you're injured on the job, you may be eligible for workers' compensation. Also, determine if you qualify for Social Security disability payments. Then compare the anticipated income with your anticipated expenses. You'll want to purchase enough disability insurance to close any gap.

Disability policies offer various benefit options and since the premium cost of the policy depends on the options selected, you'll want to shop carefully. Here's what to consider: Monthly stipend and benefit

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A breath of fresh air



PHOTOS/PAUL WILLIAMS III

Elston Hooper is part-owner of Air Doctor, an air duct cleaning and chimney sweep service.

Duct cleaner makes breathing lots easier

By John Minter
THE CHARLOTTE POST

Elston Hooper's sucking air...and disinfecting and purifying it.

Hooper is part-owner of the Air Doctor, an air duct cleaning and chimney sweep service.

Though only open for business since July, the effort's going well, Hooper said. And, with some new federal standards set to kick in next year,

he expects to be even busier.

"Lots of people are doing it," said Hooper, an East Mecklenburg High School graduate. "It is going to be one of the fastest growth industries over the next seven years...with the federal regulations and people becoming more conscious of air in their homes. The health benefits alone justify doing it."

Doing it costs between \$175-\$450 for the average home, depending on the size of the house and the number

of air vents, Hooper said. The process takes about two hours.

Hooper said many of his residential customers are people with allergies or other conditions requiring them to have clean air at home.

"There's something called 'sick home syndrome,'" Hooper said, where people are fine all day, but when they go home they get headaches, wheezing, coughing.

In the wake of such air-

borne illnesses as Legionnaire's disease, government regulators are requiring business to have almost germ-free air. Those regulations, supervised by the Occupational Health and Safety Administration, will take affect next year, Hooper said.

"OSHA and the EPA (Environmental Protection Agency) are going to require that all public facilities main-

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People on the move

- Harry C. Washington has joined the Western Carolina financial services office of Prudential Preferred Financial Services. He will be a special agent.

Washington has a bachelor's degree from Queens College's McColl School of Business.

Prior to joining Prudential, he worked with the Freightliner Corp.

- Funso Oluyitan has been appointed director of integrated information technology processing at Bennett College. He will manage all aspects of Bennett's public relations,

marketing, distance learning and integrated information and communication programs.

- John Elliott has joined the staff of Charlotte-Mecklenburg Fighting Back.

Elliott has a bachelor's degree in political science from Johnson C. Smith

University and a master's in city management from East Tennessee State University.

His profession career includes city manager of Benton Harbor, Mich.; assistant city manager of Delray Beach, Fla., and director of special programs and sports information director at JCSU.

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