

Finding superior returns

CHARLES ROSS

Your Personal Finance



There is a simple way for investors interested in mutual funds to devise a plan for making superior returns. You don't have to do exhausting research. You don't even have to know who manages the funds. Just invest in index funds.

Index funds mimic the performance of a particular financial market index by buying most, if not all, of the stocks that make up the index. It may sound boring, but great returns make a lot of sense. Be aware, though, that index funds are not perfect. Expenses will eat up a bit of your return, preventing the fund from measuring up to its market's standards. On the other hand, your index fund probably will outperform many, if not most, other stock funds. All it takes to discover these winning funds is a little research.

Choosing an index fund

Right now there are a many of index funds to choose from, and an investor can build a highly diversified, balanced portfolio with only index funds. This type of portfolio composition will cost about one-fourth as much as a portfolio of actively managed funds.

There are two critical considerations in selecting an index fund. First, pay no load. There is no excuse for charging a sales fee for an index fund. A commission is really a fee for the investment professional's advice, and no broker can really provide useful advice or insight about future performance of an index fund.

The second key consideration is the fund's expenses. Go with the fund that has the lowest expense ratio. The average index fund that follows the Standard and Poor's five hundred has an expense ratio of point forty-five. So look into this great option.

Alternative to index funds

Much of the growth of index funds is based on what is known as the efficient-market theory. This theory holds that even the most savvy of money managers cannot beat the market, because all the vital information about any given security is widely known and has already been factored into the price.

Some experts think, however, that the efficient market theory does not apply equally to certain types of companies and niche markets, such as small company growth stocks. These exceptions create opportunities for sharp investors, because they may not follow the expected patterns of growth. But that situation may not exist for much longer. More funds are being created to cover specialized markets. So keep an eye out for developing opportunities in the index fund arena.

Home equity loans

If you're a homeowner, you will be targeted for a second mortgage, or home equity loan. And they're attractive, often having a low introductory rate, followed by a "prime-plus-one" rate for five years or more, with no closing costs and no up-front fees. Interest payments will be tax-deductible, and you can access funds by check or credit card.

This a home equity mortgage market is being fueled by the 1986 Tax Reform Act which preserved tax write-offs for interest on home equity loans but eliminated interest deductions on many other traditional loans like cars and credit cards.

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Doctor nips, tucks

By Jeri Young THE CHARLOTTE POST

For years, plastic surgery has been off limits for African Americans.

Seen as a rejection of blackness, it was unpopular and problematic for African Americans who decided to have their skin tightened or noses made a shade smaller.

But times, they are a-changing.

More African are having facial surgeries, creating a need for qualified surgeons who understand that a smaller nose

doesn't necessarily mean 'a Michael Jackson.'

Dr. Robert E. Harley, who recently opened his East Boulevard practice, specializes in facial plastic - facial reconstructions including eye lid surgery, nose jobs, face lifts and chemical peels.

A graduate of Brown University and Harvard Medical School, Harley, 33, did his residency at Michigan's Henry Ford Hospital. Ford boasts one of the busiest plastic surgery clinics in the nation.

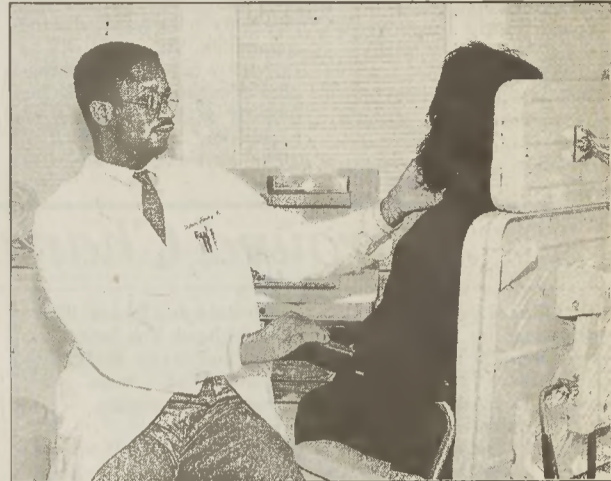
"My background is in ear, nose and throat," Harley said. "ENT physicians do the largest num-

ber of facial plastic procedures in the country."

Harley trained with one of the busiest surgeons in Michigan, which helped his skills.

"I got a wide exposure to various facial plastic cases," he said. That exposure led him to want to specialize in the field.

"It's a lovely area within the field of ENT," he said. "It allows a surgeon to shape a patient's appearance. A lot of times you have individuals who are not content with certain proportions of their facial anatomy. You can sit down with them and try to shape a plan that will make them happier individuals."



PHOTO/SUE ANN JOHNSON

Dr. Robert Harley specializes in facial reconstruction surgery.

Reaching out to the deaf

AT&T leads the way with special phones

By Sharon Drake SPECIAL TO THE POST

BASKING RIDGE, N.J. - Almost 1 million African Americans are deaf or have some difficulty hearing. Through a public education campaign, featuring the deaf actress Marlee Matlin, AT&T is raising awareness about a sophisticated telecommunications service that enables hearing-impaired people to use the telephone as easily as anyone else.

AT&T was the first telecommunications company to offer a 24-hour service for the deaf 10 years ago.

"We want to spread the word about this service because the need for it is growing. Two million Americans are deaf, 20 million more are hard of hearing and baby boomers are rapidly aging," said Susan Hobart, general manager of AT&T Accessible Communications Services. "It is clear that people need to know more."

At AT&T's 11 relay centers, specially-trained operators act as go-betweens for the hearing impaired and the hearing. Using a text-telephone equipped with a special keyboard, the hearing impaired type messages that operators relay by vocalizing them to the hearing party. This service is used to conduct virtually any type of phone call - from conducting business to ordering pizza, as well as chats with family members and friends. Hearing customers can also use the service to place calls to text-telephone users. There is



PHOTO/AT&T

American Telephone & Telegraph is raising awareness about its efforts to provide telephones that hearing-impaired people can use. About 1 million African Americans are deaf.

no additional cost for the service; calls are billed at regular rates.

For a decade, AT&T has operated relay service centers for deaf, hard-of-hearing and speech disabled customers. The company currently offers

the service in 17 states for both local and long-distance calls. These real-time conversations can be placed 24 hours a day, seven days a week.

Discount plans and standard operator services, such as billing inquiries, operator ser-

vices and directory assistance, are also available to users. For customers who speak Spanish or French, relay operators can provide access to the AT&T Language Line, an over-the-phone interpretation service that translates from English to more than 140 languages.

50th birthday bash



PHOTO/CALVIN FERGUSON

Charlotte Post Publisher Gerald Johnson tries out his best dance moves with Post columnist Melody Micere Stewart at his 50th birthday party. The gala, held at Renaissance Place, brought together Johnson's friends, relatives and business associates. At right, the boss' baby photo.



Money Management

Do's and don'ts of tax plans

By Amanda S. Danchi SPECIAL TO THE POST

Tax planning should be a year-round activity. But, if you didn't get around to doing all you had hoped, it's not too late to improve your tax life. The key is to do a thorough job of identifying deductions so you don't miss opportunities to save tax dollars. To help you get started, the N.C. Association of CPAs offers the following list of do's and don'ts for making the most of deductions available to you.

Do:

- deduct interest you pay on home equity lines of credit. Although personal interest is no longer deductible, you may deduct interest on up to \$100,000 of debt secured by your house, regardless of how you use the money.

- deduct all state and local taxes you paid in 1996. Also, if you bought or sold a house, be sure to deduct the portion of the year's real estate taxes you were charged on your closing statement. It's easy to forget this deduction because you don't write a separate check - the taxes are deducted from the sales proceeds or included in the amount you pay at settlement.

- deduct investment interest. If you borrowed money to buy investments, the interest is deductible as investment interest-limited to the year's net investment income.

- claim a deduction for transportation costs and out-of-pocket expenses you incur in connection with charity volunteer work. The cost of mileage, telephone calls, and supplies, such as stationery and stamps, are all deductible. If you failed to keep track last year, be sure to start a tax-deduction diary this year.

- deduct your health insurance premiums if you are self-employed. For 1996, you may deduct 30 percent of the premiums you paid. This amount will increase to 80 percent over a ten-year period. The deduction is treated as an adjustment to gross income on your Form 1040. According to the IRS, this is one of the most frequently overlooked tax deductions.

- deduct early withdrawal penalties when you cash in a Certificate of Deposit or other time deposits before maturity. You can deduct the penalty even if you do not itemize your deductions.

Do claim a child care credit if you paid someone to take care of your dependent child so you could work. Depending on your income, a credit percentage of 20 percent to 30 percent applies to your expenses of up

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