

# Opinions

## Municipals could be safe bet



### View From The Market

Joseph P. Davis III

With the stock market off and running again, and interest rates falling, where does a person invest to receive a relatively high rate of return with a good degree of safety?

The answer could be Municipal Bonds.

Municipal Bonds are debt instruments issued by state and local governments and agencies, carrying a fixed rate of interest that is free of federal income tax. If you purchase municipals issued by a municipality, like the City of Raeford, City of Raleigh, or any North Carolina Municipality, the interest is exempt from North Carolina state and local tax also. Generally speaking, there are two types of bonds available: general obligation bonds (GO's), which are backed by the full faith and credit of the issuer, and revenue bonds, which are issued to fund a particular project by a specific agency, that promises to pay interest and repay principal from the revenues it collects as a result of the project.

The most attractive feature of Municipal Bonds is the tax free current income they generate. They normally pay interest at a fixed rate known in advance, and the income these bonds provide need not even be reported on your federal personal income tax reports.

Municipals also give you a high degree of liquidity. If you wish to sell them, there is usually a very active secondary market. Bonds are also considered excellent collateral

if you wish to borrow against them.

Municipals differ from corporate bonds basically because of their tax-free status. Both offer a high degree of liquidity, and both are usually rated by Moody's and Standard and Poor's. Corporate bond yields are usually higher due to the tax-free earnings you receive from Municipals.

Maturity dates range from 1 to 50 years. Virtually any maturity is available but generally the longer the term of the issue, the higher the yield.

Interest is paid on Municipals semiannually on the first or the fifteenth of the designated month. The last interest payment is paid on the day the principal is due.

There are two forms of payment. Bearer (or coupon) bonds carry coupons that must be clipped as they come due. In order to receive payment, these coupons are presented to the issuer, usually through a bank who serves as an agent.

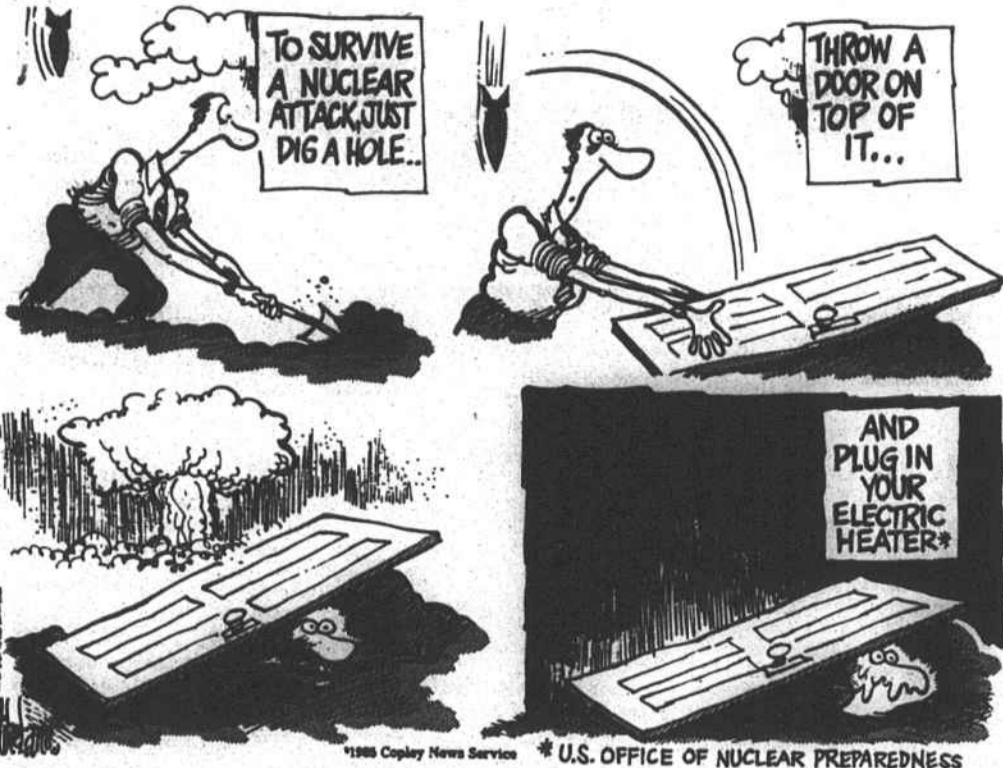
The other method of payment is automatic, by check. Bonds which pay interest by check are called registered bonds. This system of payment is convenient and since July 1, 1983 all bonds are issued in registered form.

Bonds are traded in denominations of \$5,000 or more, but some older bonds do trade in \$1,000 lots. Bonds trade much the same way as stocks do. They are underwritten by major firms, then sold to principal dealers who are linked by the over the counter (OTC) market to other brokers and bank offices around the country. The aggregate par value of outstanding Municipal Bonds exceeds \$450 billion.

Municipal Bonds are priced by the market for them. Good old supply and demand prices bonds based on rating, length of time to maturity, the interest rate the bond pays, and other factors affecting the market at that time.

Any investor who is in a higher than average tax bracket should give serious consideration to Municipal Bonds. The higher your tax bracket, the more real benefit you derive from any tax free earnings. Example: a person in a 33% tax bracket who could get a 9% tax free yield would need a taxable equivalent yield of 13.4%. One more thing: when approached to buy Municipals, select A-rated or better bonds, especially if you are a new investor.

*Editor's Note: Joseph P. Davis III, formerly of Raeford, is an account executive with Dean Witter Reynolds Inc. of Raleigh. Davis, who is the son of Hester R. Davis and the late Joseph P. Davis of Raeford has a Bachelor of Business Administration Degree. Davis and his wife, Rebecca, presently live in Raleigh.*



## Government spending needs controls

**By John Sledge**  
N.C. Farm Bureau Federation  
Sound financial planning is a goal of every family. Sure, there are times when an unwise purchase is made or the budget is overspent. We regret it later as we "pinch pennies" to get the finances back in line.

Our federal government is much the same as the errant family that has overspent. But instead of occa-

sionally, it is every day and year after year. We should and must expect sound money management from our elected representatives as they manage local, state and national government. Over the years, many of our tax dollars have been diverted to non-essential uses. When money begins to run short, the government must then come back to citizens saying

### • NOTICE •

## ALL HOKE COUNTY RESIDENTS

**\* PROPERTY TAX LISTING \***  
*N.C. State Law Requires That You*  
*List Property For Tax Purposes As Shown Below*

**WHEN TO LIST —**  
Beginning at 8:00 A.M. January 2, 1985 through 5:00 P.M. January 31, 1985 at the locations noted below.  
(- Extensions of time to list may be granted upon written request and for valid reason.)

**WHO MUST LIST — ALL Residents: Military and Civilian.**

- All persons owning Real or Personal Property in Hoke County must appear before the tax listers for their township during the period of January 2, through January 31, 1985 to list their property for tax purposes.
- FAILURE TO LIST will subject taxpayer to a fine of \$500.00 or imprisonment not to exceed six months.
- All mobile home owners must list and obtain a registration decal.
- All mobile home park and aircraft storage facility, must furnish to the tax Supervisor the name of the owner of each aircraft or mobile home and a description of each by January 15, 1985.
- NOTE: Military personnel may be exempt from personal property tax if they submit proof that their "Home of Record" is other than North Carolina.

**WHAT TO LIST — ALL Real and Personal Property.**

- All property owned as of January 1, 1985 must be listed.
- All real property including buildings and improvements, and machinery permanently affixed.
- Household furniture, appliances, T.V.'s, air conditioners, fans, diamonds, and jewelry, typewriters, boats and motors, trailers, etc.
- Farm equipment, livestock, poultry, supplies and products in storage, etc.
- Motor vehicles; all automobiles, trucks, airplanes, motorcycles, campers, etc.
- Business Personal Property: merchandise, finished goods, equipment, furniture and fixtures, goods in process, raw materials, samples, etc.
- Inventories are reported as of the latest completed fiscal year if the business year ends on a date other than December 31.
- ALL OTHER TANGIBLE PROPERTY NOT SPECIFIED

**WHERE TO LIST — By Township**  
All Townships List At The Tax Office, 227 N. Main Street (Beside Southern National Bank)  
Monday thru Friday 8:00 A.M. til 5:00 P.M.  
Saturday 8:00 til 12:00 Noon  
Tax Supervisor

For further information call: 875-8751

## Americans commute 22 miles a day

We read that Americans commute an average of 22.4 miles per day round trip to work, with cars and trucks the overwhelming choice for transportation, a survey by Jertz Corp. showed recently.

**NITZE NAMED . . .** President Reagan's negotiator, Paul Nitze, was named to serve as adviser to Secretary of State George P. Shultz in exploratory arms talk with Soviet Foreign Minister Andrei Gromyko.

**RESOLUTIONS . . .** Americans make resolutions at the beginning of each new year. Some view the process with cynicism, knowing most of the resolutions will be broken.

But resolutions signify that the maker seeks to improve. In that sense, they're an indication of good intentions. New Year's resolutions, then, kept or not, are a good idea. That's what life is all about—hope and effort, for improvement.

**THE NEW YEAR . . .** January, one of the two months added to the calendar (then ten months) long before the birth of Christ, is the first month of the year of the Gregorian Calendar (dating from Pope Gregory XIII in 1582.)

Caesar had set the length of the year at 365 days centuries earlier; German Protestant states made the change in 1790 and England and



Cliff Blue

### People and Issues

the American Colonies in 1752—by act of Parliament.

January is the first full month of winter, sometimes the coldest month of the year (if February isn't) and, in America, the month of football bowl games.

**WHO SAID THAT? . . .** The House Intelligence Committee decided that the CIA's Nicaraguan rebel manual broke a 1982 law barring U.S. efforts to overthrow Nicaragua's leftist government, but that the book revealed "negligence, not intent to violate the law."

**TEACHERS . . .** Some teachers can be dangerous to your child's health, reports the Health Insurance Association of America.

Dr. Richard Krugman, of the University of Colorado School of Medicine in Denver, said a study of third and fourth grade students found they had undergone definite personality and behavioral changes within two weeks after an "emotionally abusive" teacher

was assigned to their class.

The research told the Association that some of these changes included excessive worry about school performance, from positive to negative self-perceptions, and the onset of headaches, stomach aches, nightmares, and withdrawal.

Dr. Krugman's advice to parents is to take their children's complaints about school seriously. "The problem may be a teacher, another child, even someone on the school bus," he said, "and it's up to you as a parent to know about any abuse."

**RETIREMENT BONUS . . .** "Many workers receiving health insurance benefits through their company's group policy can expect coverage to continue after they retire," reports the Health Insurance Association of America.

**MARRIAGES DROP . . .** For the first time in nearly a decade, marriages in the U.S. are on the decline, reports the American Council of Life Insurance.

Preliminary figures from the National Center for Health Statistics indicate that a drop in marriages, which fell from 2,444,000 in 1983, is continuing in 1984.

The Center said there hasn't been a decline in U.S. marriages since 1975.

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