

Early Retirement Deals Require Careful Scrutiny

As companies across the country continue to trim their work forces, thousands of workers face the opportunity to trade their jobs for enhanced early retirement deals. What should you do if your employer offers you what seems like a pot of gold in exchange for your early exit from the company?

According to the N.C. Association of Certified Public Accountants, even the best early retirement package involves important career and financial stakes that dictate careful scrutiny of the package's pay and benefit terms. According to CPAs, if you're presented with an early retirement offer, the first issue to address is whether you really have a choice. Is your company looking to reduce numbers in general, or is it targeting specific individuals or departments? Is it likely that outright layoffs will follow the voluntary early retirement offers?

Your decision-making process should begin with a realistic assessment of your job security, your prospect and marketability, and the future of your company. Assuming the early retirement offer is voluntary, the next step is to carefully evaluate the package you are offered.

Evaluating The Package

Early retirement packages generally tempt employees with combination of benefits. In most cases, the package is built around a "sweetened" pension and may be supplemented with such extras as a cash payment, post-retirement health benefits and help in finding a new job.

When calculating your retirement benefits, most companies enhance your future pension by "adding"

years to your age and/or crediting you with extra years of employment. A few additional years in a pension can significantly increase your retirement payout. For this reason, it's important that you compare what you're being offered against what you would get if you stayed on the job.

A valuable exercise is to balance all the income and expenses of continuing to work against those of retiring to see how much more you stand to earn by working as opposed to retiring. Some people may find that when the costs of commuting, clothing, an other work-related expenses are factored in, continuing to work makes only a marginal difference in their income.

To determine whether you can afford to retire early, you'll need to take a hard look at your anticipated expenses and income during your post-employment years. While circumstances vary, CPAs and other experts agree that most retirees will need 70 to 80 percent of their pre-retirement salary to maintain their standard of living. In estimating your income needs, be sure to consider the benefits you can expect to receive from Social Security and your company pension, as well as any savings and investments you have earmarked for retirement.

Don't Overvalue

To make early retirement more attractive, particularly for younger workers, some companies offer lump-sum cash payments. Typically, cash payments are based on a formula that takes into account your salary and the number of years you've worked for the company. If you're younger and the package

means a job change rather than retirement, be realistic about your chances of finding a comparable job before your cash payment runs out.

Terms Important

Some of the better early retirement packages include company-paid medical insurance coverage for a specific time period, although rising medical costs are making this benefit increasingly rare. However, federal law requires that all companies with 20 or more employees offer departing workers continued health insurance coverage for 18 months. In such cases, the employee picks up the cost of this coverage, but pays a premium based on the company's group rate (plus an administrative fee of up to two percent). Air that, you're on your own, so carefully consider the cost of paying for your own medical insurance.

Consider Taxes

Finally, CPAs urge you to consider the tax implications of accepting an early retirement offer. Your company is required to withhold 20 percent in taxes from lump-sum pension distributions, unless you request the money be transferred directly to an Individual Retirement Account (IRA) or another qualified retirement plan. What's more, if you hold onto the cash, in addition to the income tax, you'll be subject to a 10-percent early-withdrawal penalty if you are under the age of 55 in the year you leave your job. For these reasons, it's especially important to seek some professional advice before cashing in on an early retirement offer.

Money Management is distributed by the North Carolina Association of Certified Public Accountants.



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Electric Congress Representatives

Brunswick County 4-H is represented at the 47th annual State 4-H Electric Congress July 11-13 at the University of North Carolina at Wilmington by (from left) 4-H leader Dottie Hatcher, Jennifer Hatcher, Amy Adams and Larry Dempsey, equipment services representative with Carolina Power and Light Company. The Winnabow 4-H'ers were selected to attend for achievement in their 4-H electric projects. CP&L provided the trip and helped sponsor the congress. The event was conducted by the N.C. Cooperative Extension Service.

Coastline VRS Makes 83 Runs

Coastline Volunteer Rescue Squad made 83 runs during May, according to a report from Sharon Martin, squad spokesman.

Forty-three emergency calls were made, plus 15 mutual aid, 7 standby for fire, and 14 transports.

Total mileage was 2,211, she added.

Rescue Sponsoring Responders Class

Town Creek Volunteer Rescue Squad is sponsoring a first responders class starting July 29 at 6:30 p.m. at the squad building.

Participants will learn cardiopulmonary resuscitation (CPR) and other life-saving techniques.

For more information, call John Bellamy at 253-6811.

BUSINESS BRIEFS

Dr. Alan Brown Inducted As 'FACS'

Dr. Alan W. Brown of Carolina Eye Associates in Brunswick County was among initiates who recently became Fellows of the American College of Surgeons.

Fellows of the College have earned the right to use the designation "FACS" (Fellow, American College of Surgeons) after their names by meeting the college's requirements.

Candidates must be graduates of an approved medical school, must have completed advanced training in one of 13 surgical specialties recognized by the college and must have been in practice in the same location for at least two years. Acceptance must be approved by three-fourths of its Board of Regents.

Brown is medical director of Carolina Eye Associates Eastern Region Centers.

Four Adopt Program

Four local businesses are implementing the Controlling Alcohol Risks Effectively (CARE) program in an effort to promote responsible

alcohol service.

Employees and managers of Sea Trail Golf Resort & Conference Center, Lion's Paw Golf Links, Trawler's Fine Dining and The Loft completed a 5½-hour training seminar presented at Sea Trail by the Educational Institute of the American Hotel & Motel Association.

CARE teaches employees how to promote responsible alcohol consumption and discourage overdrinking, check identification and intervene with minors trying to drink illegally and intervene to prevent problems associated with overdrinking. They also learn about North Carolina laws regarding alcohol and how alcohol affects the body.

"Using the CARE program is one way we can demonstrate to our guests and our community that we encourage responsible alcohol consumption," said Bob Coyne, food and beverage director at Sea Trail.

Takes Advanced Courses

Helen Smith of Boones Cove Custom Framing and Gallery in Shallotte recently completed courses in advanced matting and object box framing in Charlotte.

She learned new techniques in specialty matting and decorative corners. As part of the object box

framing class, students framed items such as an heirloom, an antique tool and a coin collection.

Elvis Chosen

Jo Ann Elvis was recently named employee of the month at Autumn Care of Shallotte.

She has been employed with Autumn Care since Nov. 30, 1993, as a certified nursing assistant and was recognized by the administrative staff for "hard work, concern and genuine caring for the residents" of the skilled nursing facility.

Kerr Attends Forum

Brad Kerr of Companion Animal Hospital, Shallotte, was one of 1,919 veterinarians attending the American College of Veterinary Internal Medicine's 12th annual Veterinary Medical Forum held in San Francisco in June.

The American College of Veterinary Internal Medicine is a specialty organization which includes the specialties of cardiology, neurology, oncology and internal medicine.



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