

**MONEY MANAGEMENT**

# How To Get The Most Out Of Your Retirement Plan

Want to have someone else contribute to your retirement savings? If so, consider taking advantage of a company-sponsored 401(k) plan.

More than 180,000 companies offer these programs to employees, and many of them will kick in company funds. No matter what your age is now or when you expect to retire, investing in a 401(k) plan is one of the best ways to save for your retirement. Here's how you can reap the full benefits of such plans.

**Contribute Early**

A 401(k) plan enables you to contribute pretax dollars that compound interest on a tax-deferred basis. What this means is that you don't pay taxes on the portion of your salary you contribute to the plan, and the earnings aren't taxed until they are withdrawn at retirement.

The sooner you contribute to the plan, the more you will benefit from the compounding of interest. For example, if you place \$7,000 into a 401(k) plan each year for 20 years and earn a return of 8 percent, your total assets at the end of the period will equal \$320,000.

**Matching Contributions**

Many companies offer matching contributions. Some companies will match your contribution dollar for dollar. Others will contribute 50 cents for every dollar you contribute. Still others will contribute certain percentages of your salary depending on the amount of your contribution.

To get the most out of your 401(k), contribute at least the amount that will enable you to receive the maximum company matching contribution.

**Maximum Contributions**

It's wise to contribute as much as possible to your 401(k) plan. The amount you can contribute each pay period depends on your salary and what percentage of it the company permits employees to contribute. Typically, companies allow contributions of between 2 and 15 percent of your compensation.

For 1994, you are allowed to make a maximum tax-free contribution of \$9,240 to your 401(k) plan. This amount does not include employer contributions. If you set aside \$9,240 and your employer matches your contribution dollar for dollar, you can actually save \$18,480, plus interest, this year.

**Monitor Investments**

Monitoring and managing your 401(k) plan's performance is an important task since it directly affects the balance of your savings at retirement. Today, employers generally give employees several options for investing their 401(k) contributions. For example, you may be able to allocate your contributions among fixed-income investments, such as certificates of deposit (CDs), and variable income investments, such as stock or bond funds.

Generally, it's wise to diversify your 401(k) assets. Of course, the closer you get to retirement, the less risk you should take and the more you should consider fixed-income investments.

**Invest Long-Term**

Under the tax law, you can withdraw funds from your 401(k) plan when you reach the age of 59 or because of death, disability, separation from service, retirement or termination of the plan. You may also be allowed to withdraw funds if you're experiencing financial hardship. Keep in mind that withdrawals for hardship are limited to your contributions only.

You cannot draw on your employer's contributions or income earned by the fund. Finally, be aware that in certain circumstances, a 10 percent early withdrawal penalty may apply.

This doesn't mean 401(k) plans are a bad investment—just one you must be willing to stick with for the long-term.

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

## Small Business Association Loans \$1.4 Million In County During 1994

Six Small Business Association loans totaling \$1.4 million were approved in Brunswick County during 1994, according to Janita Stewart, acting district director of the Charlotte District office.

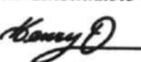
Statewide, 548 loans were approved from October 1993 through September 1994, totaling more than \$129 million. Loans were made in 78 of North Carolina's 100 counties.

SBA loans are primarily made by private lenders, usually banks, guaranteed up to 90 percent by SBA. Loan programs include working capital loans, loans under \$25,000, contract loans, export revolving line of credit, and the Green Line Loan Program, a five-year line of credit. Among new SBA plans imple-

mented this year is the LowDoc program, which uses a one-page application and assures a quick response—usually less than a week—from SBA loan officers. LowDoc applies to loans of up to \$100,000 made by banks and guaranteed up to

90 percent by SBA.

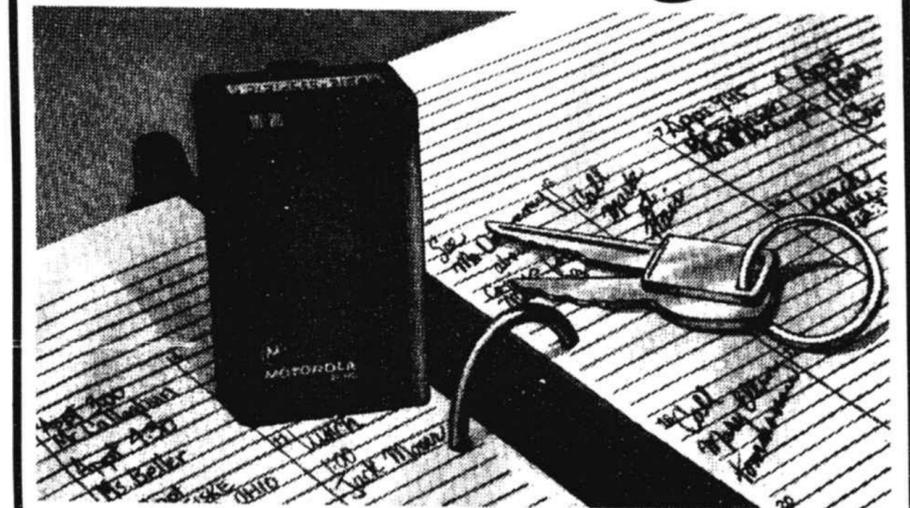
The approval process focuses on character, credit and business experience and may require some additional paperwork from the lender, as well as certain income tax returns, according to an SBA news release.

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- B302A '89 Nissan Sentra—Less than \$2,000. Dependable, solid value.
- N243B '89 Dynasty—Less than \$2,000 solid value
- N202A '93 Jeep Grand Cherokee—White, 4x4, mint condition, all options, V-8 engine, trade.
- B553A '91 Acura Legend LS—Super nice condition, leather, loaded.
- B230A '92 GMC Sanoma SLE Pick-up—4.3 engine, nice.

- B279 '94 Jeep Grand Cherokee—Driftwood, 4x4, all options, very nice, will sacrifice, local trade.
- B285A '93 Cherokee—Red, 4x4—SOLD
- N483A '91 Nissan—4x4, club cab, low miles, local trade.
- N522A '94 Dakota SLT Club Cab—4x4, mint condition, only 9,000 miles.
- B218A '93 Nissan Hardbody Pickup—Must sacrifice, very nice truck.
- N293B1 '89 Dodge D50—Low miles, dependable transportation.
- N189A '90 Plymouth Voyager—Priced to sell, good condition.
- B340A1 '87 Dodge Caravan SE—Very nice condition, low miles.
- N481A '89 Chevy S-10—Black, great truck, great price.
- B164A '91 GMC Cheyenne—White, nice truck, great price.
- B314A '91 Suzuki Samurai—Convertible.
- B285A '88 Honda Accord LX—4-dr., nice condition, auto, A/C, stereo, cassette.

- N351A '88 Ford Taurus LX—Priced to sell, super nice shape.
- N452A2A1B '93 Hyundai Elantra—Priced to sell, automatic transmission.
- N450A '90 Electra Limited—T-type, priced to sell.
- N444A '91 Ford Tempo—Great condition. Economy car.
- B340A '92 Chevy Lumina Euro—Sharp, great condition, great value.
- B271A '89 Buick Century—Dependable, solid transportation. Must sell.
- N410A '89 Olds Ciera—4 door, must sell.
- B306A '91 Dodge Shadow Convertible—Economical, low miles, excellent shape.
- N460A '91 Acura Integra—Low miles, automatic transmission, super nice.
- N487B '88 Mercedes 300 TE—Priced to sell, top of the line vehicle, new tires, third seat in back.

- B276 '92 Dodge Caravan
- B322 '94 Dodge Ram 250 Conversion Van—Priced under \$17,000, TV, high top.
- B332A '90 Dodge Ram 250—Blue conversion, super shape, low miles, under \$9,000.
- B308 '93 Renegade—Hardtop, auto, not made anymore, hard to get, low miles.
- B257 '93 Renegade—Hardtop, hard to get, low miles.
- N467A '93 Dodge Stealth—New tires, great condition, local trade, hot.
- B254 '93 Eagle Talon—Automatic transmission.
- B299A '93 Ford Probe GT—Automatic transmission, new tires, beautiful trade in.
- N299A '92 Honda Accord LX—Leather interior, low miles, excellent condition, local trade.
- B295A '92 Ford Mustang Convertible—Excellent condition, local trade.
- N406A '92 Ford Escort—Super shape, must sell.
- N486 '89 Chevy Spectrum—Great transportation, automatic, air conditioning, stereo, cassette.

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