

# MINORITY BUSINESS REPORT

## Determining the Taxability of Your Social Security Benefits

Since 1994, the maximum amount of Social Security benefits subject to taxation has been 85 percent. Does this mean that 85 percent of the Social Security benefits of all taxpayers is now taxable? No. Benefit recipients apply a formula to determine 1) how much, if any, of their benefits would be taxable, and 2) the actual amount that is taxable.

### To What Extent Are the Benefits Taxable?

To determine if Social Security benefits are taxable, you must add adjusted gross income (AGI), tax-exempt interest income and one-half of the Social Security benefits received during the year. This is called "provisional income." If this total exceeds \$25,000 (\$32,000 for married taxpayers filing jointly; \$0 for married taxpayers filing separately who lived with their spouse at any time during the year), then part of the Social Security benefits will be taxable.

### How Much Is Taxable?

If your provisional income exceeds \$25,000 (\$32,000 for married taxpayers filing jointly) but not \$34,000 (\$44,000 for married taxpayers filing jointly), benefits subject to tax are the lesser of

either 1) one-half the excess over \$25,000 (\$32,000 for married taxpayers filing jointly) or 2) one-half of the benefits received.

A single taxpayer has an AGI of \$25,000, tax-exempt interest income of \$2,000 and Social Security benefits of \$6,000. The amount subject to tax is \$2,500; that is, the lesser of 1) one-half of the excess of \$5,000 (provisional income being \$30,000 (\$25,000 + \$2,000 + \$3,000)) or 2) \$3,000, one-half of the Social Security benefits.

If provisional income exceeds \$34,000 (\$44,000 for married taxpayers filing jointly, \$0 for married taxpayers filing separately who lived with their spouse at any time during the year), benefits subject to tax are the lesser of 1) 85 percent of the benefits received, or 2) the sum of a) the smaller of the amount taxable under prior law or \$4,500 (\$6,000 for married taxpayers filing jointly; \$0 for married taxpayers filing separately who lived with their spouse at any time during the year), plus b) 85 percent of the excess over \$34,000 (\$44,000 for married taxpayers filing jointly; \$0 for married taxpayers filing separately who lived with



### Investment Notes

Michael J. Robinson

their spouse at any time during the year).

For purposes of "2 a)" for both joint and single filers, "the amount taxable under prior law" is calculated by first adding 1) AGI plus 2) 50 percent of the Social Security benefit plus 3) tax-exempt income. The amount subject to tax under prior law is the lesser of 1) one-half of the excess of that total over \$25,000 for single filers (\$32,000 for joint filers, \$0 for married filing separately) or 2) one-half of the Social Security benefit.

Example: Taxpayers are married, filing jointly with AGI of \$40,000 and have Social Security benefits of \$16,000. The amount subject to tax is \$9,400; that is, \$6,000 plus 85 percent of the provisional income in excess of \$44,000 or \$3,400 (85 percent of \$4,000).

(Optional) Use the accompanying worksheet to help determine the taxable portion of Social Security benefits.

If you would like additional information, please write care of Dean Witter Reynolds Inc., 380 Knollwood St., Suite 500, Winston-Salem, NC 27103.

Dean Witter is not a tax or legal adviser. Consult your tax or legal adviser before making any tax-related investment decisions. Information and data in this report were obtained from sources considered reliable.

Their accuracy or completeness is not guaranteed, and the giving of the same is not to be deemed a solicitation on Dean Witter's part with respect to the purchase or sale of securities or commodities. (Optional worksheet follows)

### Worksheet to determine taxability of Social Security benefits

Use this worksheet in conjunction with the foregoing article to help you determine the taxable portion of your Social Security benefits.

1. Adjusted gross income (AGI) \_\_\_\_\_
2. Tax-exempt interest income \_\_\_\_\_
3. One-half of Social Security benefits \_\_\_\_\_
4. Add lines 1, 2 and 3 \_\_\_\_\_
5. Enter \$25,000; \$32,000 if married filing jointly; \$0 if married filing separately and living with spouse \_\_\_\_\_
6. Subtract line 5 from line 4 \_\_\_\_\_  
(If \$0 or less, no benefits are taxable)
7. Enter one-half of the amount in line 6 \_\_\_\_\_
8. Enter smaller of line 3 and line 7 \_\_\_\_\_
9. Enter \$34,000 (\$44,000 if married filing jointly; \$0 if married filing separately and living with spouse) \_\_\_\_\_
10. Subtract line 9 from line 4 (If \$0 or less, line 8 is the taxable portion of the taxpayer's Social Security benefit. If greater than \$0, continue with this worksheet) \_\_\_\_\_
11. Multiply line 10 by .85 \_\_\_\_\_
12. Enter the smaller of (a) line 8 or (b) \$4,500 (\$6,000 if married filing jointly, \$0 if married filing separately and living with spouse) \_\_\_\_\_
13. Add line 11 and line 12 \_\_\_\_\_
14. Multiply Social Security benefit by .85 \_\_\_\_\_
15. Enter the smaller of line 13 or line 14 \_\_\_\_\_  
(This is the taxable portion of Social Security benefits.)

Dean Witter is not a tax adviser. Consult your personal tax adviser.

## Johnson to replace Burrell as director at Hooper Funeral Home

Hooper Funeral Home, 1415 E. Fourteenth St., recently announced the addition of Grantheum Johnson as the firm's new manager and funeral director. Johnson, 34, replaces Gregory Burrell, the firm's former manager.

Although Johnson is new to Hooper Funeral Home, he is certainly no stranger to the funeral service industry. Johnson comes to Hooper following a three-year stint with Piedmont Memorial Gardens as the private cemetery's sales manager. At Piedmont Memorial Gardens, Johnson was responsible for all sales activities involving cemetery plots, mausoleum crypts, vaults, and grave markers. Johnson also assisted families with the administrative procedures necessary for arranging interments.

"I really enjoy helping clients and families at such an emotionally difficult time," Johnson said. "There isn't much that I won't

consider doing as long as it helps to relieve some of the emotional burdens."

Johnson's initial introduction into funeral service was actually by way of his growth in his family's funeral business. "Quite simply, I was born into it. My family operated a funeral home here in Winston-Salem for over 14 years and they have operated a facility in Reidsville for the last 35 years." "This is certainly not new to me," Johnson added.

Johnson is also a Winston-Salem native. He attended public schools in Reidsville before pursuing and obtaining a marketing degree from Howard University. Upon graduation from Howard, Johnson completed his apprenticeship in funeral directing before heading off to Gupton-Jones College of Mortuary Science in Atlanta. While in mortuary school Johnson co-founded and operated a convalescent transportation

business. "One of the best experiences in my life," Johnson said. "That business gave me the opportunity to run my own show, so to speak. It was an invaluable experience, to say the least." After completion of



Grantheum Johnson

Gupton-Jones College with a degree in funeral service, Johnson returned to North Carolina to manage his family's Winston-Salem funeral facility. Collectively, Johnson brings over 20 years experience to Hooper's.

Professionally, Johnson is a North Carolina Funeral Service licensee and is affiliated with both the North Carolina and the National Funeral Directors & Morticians Associations. He is a member of First Baptist Church and the Omega Psi Phi Fraternity. Johnson and his wife, Michelle, have two children, Jessica and

Jonathan.

Thomas Hooper III, president and owner of Hooper Funeral Home, said, "I am excited to have Grantheum lead our staff. He is an excellent director, who will give the highest quality service to our families."

"Hooper Funeral Home is undoubtedly one of the most professionally operated funeral establishments anywhere in the industry. There is a long-standing history of integrity, friendliness, and humility displayed through the service of Hooper Funeral Home, and I am extremely thrilled

to be a part of that. I want the Winston-Salem community to be assured that the Hooper Funeral Home staff remains committed to the same ideas set forth by Mr. and Mrs. Tom Hooper Jr. over 50 years ago. We are simply striving to be the funeral establishment for everyone."



ACROSS the CREEK

## \$2.2 million T-shirt contract highlights Minority Supplier Development Council meeting

During the recent National Minority Supplier Development Council (NMSDC) conference at the New York Hilton and Towers, "the goal," according to NMSDC President Harriet Michel, was "to bring corporations and minority entrepreneurs together to do business with each other."

It worked admirably for AFAM Knitting Inc., and for Philip Morris Companies Inc.

Among the more than 4,000 business leaders who attended the three-day conference, considerable interest focused on AFAM's \$2.2 million sale of pocket T-shirts to Philip Morris for its Marlboro Unlimited Catalog. Corporate purchasers comparing notes during a conference reception at Philip Morris headquarters, describe AFAM as an "ideal supplier." AFAM's owners call their "the nation's premier manufacturing source for knitted garments."

AFAM Knitting Inc., a textile spinning, knitting, dyeing and finishing firm that also manufactures garments, employs 175 people. Chairman and CEO Charles Elion, who also serves as vice president of the tri-state chapter of the National Football League Players Association, boasts 20 years as an account manager for a major textile firm.

Gregory George, AFAM president and chief financial officer, is a graduate of the Massachusetts Institute of Technology Sloan School of Management. His 18-year business career includes planning, budgeting, financial analysis, forecasting and cash management.

One of the first major American corporations to support minority vendors, Philip Morris maintains that its supplier diversi-

ty program is good for the company, for vendors and for the nation. Just last year, the company purchased \$743 million in goods and services from minority vendors, and has spent more than \$4 billion since 1963.

Philip Morris Companies Inc. has five principal operating companies: Kraft Foods Inc., Miller Brewing Company, Philip Morris U.S.A., Philip Morris International Inc., and Philip Morris Capital Corporation.

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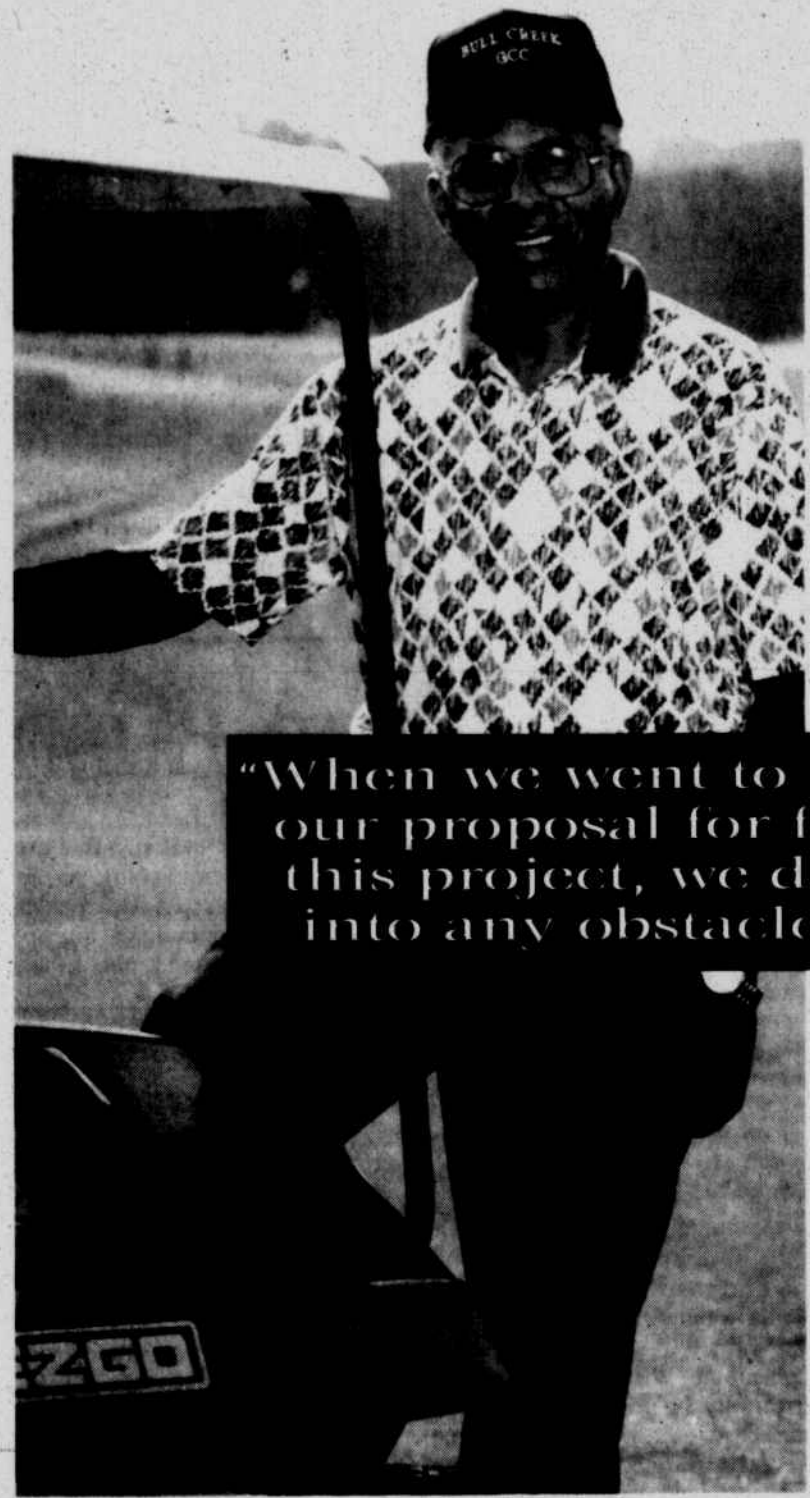
### B U S I N E S S B A N K I N G

Sam Solomon, President  
Bull Creek Corporation

Six families in Franklin County had a bold vision: they've turned their tobacco fields into a golf course. Before they went to First Citizens for financing, they had completed a fourth of the project themselves.

"We picked up rocks, we cut bushes, we worked on the tractors," explains Sam Solomon, president of Bull Creek Corporation. "We get out there and we grab the shovel."

When loan officers from First Citizens saw first hand the sweat equity the families had put into their vision, they were impressed. "First Citizens was very receptive to us when we went to them," says Solomon.



"When we went to them with our proposal for financing this project, we didn't run into any obstacles at all."

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