

INVESTMENT

DECISIONS

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Be Ware Of Tax Bite

To quote a court decision authored by Judge Learned Hand, "Any one may so arrange one's affairs (so) that taxes shall be as low as possible". In short, you have no moral or legal obligation to pay Uncle Sam any more taxes than are due. With proper planning and continual awareness of taxes, you can substantially pare your tax bite.

First, develop a tax consciousness and secure the best advice. In addition, know what you are paying in taxes, and keep detailed expense records because Uncle Sam pays part of your bill. For instance, if you are in the 40 percent tax bracket and have a \$10 deductible expense such as lunch, the government picks up \$4 of the tab.

The Tax Reform Act of 1976 and the Tax Reduction & Simplification Act of 1977, which refines the Tax Code further complicates your task. Though it's not the intent of this columnist to offer tax advice, (I would strongly recommend that you consult your tax specialist on questions concerning the tax consequences of specific transactions) the following tax consequences, as they relate to the securities industry, should be of interest.

The first \$100 of qualifying stock dividends you receive each year is tax free.

Consider investing in companies that pay stock dividends since stock dividends are not generally taxable income.

The income from municipal bonds, including General Obligation and Revenue Bonds, is exempt from tax.

Bond premiums, payments in excess of the bond's face value are deductible in certain cases.

Oil and gas investments offer continued opportunity - shelter since intangible drilling cash deductions will be subject to the minimum tax.

New Screening Law For

Females Go Into Effect

RALEIGH—A rubella (German measles) screening law for all female marriage license applicants will go into effect January 1, 1978.

The law, passed by the 1977 General Assembly, was enacted to reduce the risk of pregnant women getting the disease and delivering babies with severe mental and physical defects, according to Dr. J.N. MacCormack, head of the Department of Human Resources' Communicable Disease Control Branch.

MacCormack estimated that about 20 percent of women of child-bearing age are not immune to rubella. He said the rubella vaccine should not be given to pregnant

Consider investing in companies that pay tax free dividends, but remember that you should reduce the cost of your stock by the amount of the tax free dividend.

With few exceptions, the amount of a tax shelter loss you can take cannot exceed the amount you have "at risk" in such activity. (The amount "at risk" is generally the cash and property you contribute plus any loans that are related and for which you are personally liable)

Interest and dividend income for a deferred annuity accumulate tax free. You are not subject to taxes for such accumulation until you draw upon these earnings.

Long term capital gains are taxed at one half your tax bracket.

Long term capital losses should be used to offset short term capital gains.

It still takes \$2 of long term loss to offset \$1 of ordinary income.

If you bought stock of one company at varying prices, keep a record of each stock lot. When you sell a part of your holdings you can control the amount of your gain or loss.

For tax years beginning in 1977, gain or loss on a sale or exchange on an asset that is held for more than nine months will be long term (up from 6 months). For the tax years beginning in 1978, it will take more than one year before gain or loss will be long term.

As a matter of policy E. F. Hutton does not offer tax guidance to its investors and strongly recommends that you consult your tax specialist on questions concerning the consequences of specific transactions.

What we can do is work with your legal and tax advisors in developing a financial program that would defer or minimize your tax burden.

Holiday Fashion Highlights '77

The 1977 holiday season is a nightlife celebration from coast to coast. Whether you'll be dancing in the hottest new discos or partying with friends, you'll want to do it in style. Here are the season's fashion highlights according to GLAMOUR Magazine.

HOLIDAY GALA
Dancing is the news. Discos all over the country are alive with lights, music, and some of the most danceable fashions in years. The mood is definitely soft and sexy with lots of skirts that swing and pants that shine. Disco dresses, tops and pants are silky, satiny, and have a life of their own. They're body-following, young-body flattering.

Colors range from incandescent pinks to neon brights, from bold stripes to gold stripes and metallic touches. Fabrics like crepe de chine, wool challis, velour, silk, satin, velvet and taffeta glide over your body while they give off the softest sheen. There are lots of ruffles, tiers, pleats, smockings, raglan sleeves, bare shoulders and flirting skirts.

Step to the music in a crayon-striped taffeta skirt, black-floated around the bottom, or a swishy dirndl in jade green panne velvet. Look vibrant in straight-legged jeans of red satin, or hammered satin pleated-front trousers in a pizzazzy purple. Top these show-stoppers with classic and bare leotards in all the colors of the rainbow.

You can set the mood for romantic touch dancing in a soft, satiny pastel dress with various combinations of feminine trappings - flounces, tiers, drawstring sleeves, touches of lace.

The accessories to wear with these dancing-party looks include pretty ankle strap shoes or slinky high-heeled sandals in shiny patents, satin



Tea dancing, touch dancing, and ballroom dancing are moving into the hottest discos. You can do them all and look smashing when you wear a dance dress like this one with its soft dirndl skirt and top with gentle drawstring sleeves. Created for Equations by Julie Isles of polyester crepe de chine. Medusa's Heirloom haircombs. Shoe Strings sandals.

fabrics, metallics, soft suedes and leathers—to be paired with shadowy-sheer stockings. Flat ballet slippers in bright pastels or metallics to team with the swifty, flouncy skirts. Tiny shoulder bags, glinty pouches, and small envelope bags in rich satins and shimmering metallics (gold, silver, copper and bronze); shiny buckle belts, tie belts and shiny cords; small, jazzy neck scarves with metal-threads and fringed, laicy shawls.

The jewelry is delicate and very feminine—fine gold chains, plain or with glass and crystal ornaments, diamond

stud earrings and notched bangle bracelets. Hair is adorned with pretty combs, barrettes, hairpins, shiny cords and slender threads to wrap or tie tiny braids, wisps and tendrils.

TENDER IS THE NIGHT

Soft lights. Quiet evenings. Tender looks for toasting the holiday season now, and for wearing all through the spring days and nights to come. The news is in soft touch sportswear with colors flattering as candleglow... winter white, peach, pale pink, mauve, mocha, pale blue, yellow and pale green. Look for quietly sensational fabrics in solid tones, stripes, tiny prints and floral challis; cozy fur-blends, flannels, corduroy velour, luxurious silky surfaces and laicy knits.

The little details that flatter these lovely, easy-to-wear clothes are baby collars, drawstring ties, Pierrot-style collars (ruffle tie-neck), fringed hems, tucks, tiers, touches of embroidery and pale lace-edged. Pair the soft sweater tops, camisole blouses and silky shirts with pleated-front pants, tiered, deep pleated or gently gathered skirts.

Among the accessories for these soft sensations: flat ballet slippers in suede pastels, with or without ankle wrap ties; sweaters-textured or opaque tights; soft shoulder bags and tiny pouch bags; silky cords and skinny metallic-colored leather belts for emphasis at the waist. Jewelry includes crystal necklaces, gold and silver chains with glittery ornaments, single flowers on metallic cords, dainty drop earrings, and bracelets-metallic or pastel bangles fashioned in wide bands to be worn alone or as narrow bands to be worn in multiples.

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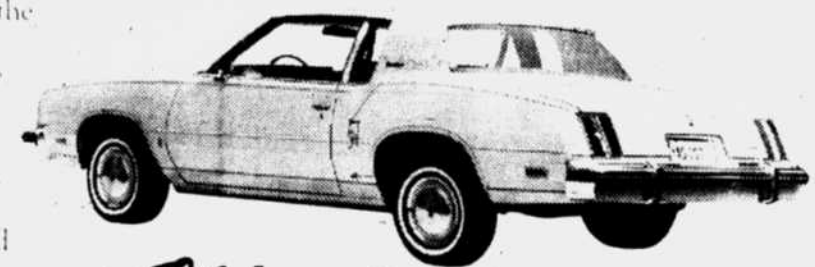
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