

INVESTMENT DECISIONS

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Retirement Planning

Adequate planning can spell the difference between a retirement based on financial security and one plagued by financial cares. Increasingly, Social Security is proving inadequate to provide more than the barest necessities and the program must, of course, depend upon the willingness of tax-payers to assume increasing burdens in the future. Yet millions of working Americans are not covered by adequate pension plans.

ERISA permits individuals not covered by pension plans to establish their own personal, tax-deferred and tax-sheltered retirement programs. Various personal retirement programs have been developed to help individuals take advantage of ERISA legislation.

Some retirement plans lock funds into one investment vehicle for long periods; however, there are plans which offer flexibility. The flexible plans offer a variety or a combination of investments from which to choose - Common Stocks Corporate Bonds, Mutual Funds, Money Market Instruments and Annuities to name just a few. This flexibility places the investor in a better position to take advantage of movements in the market place.

The composition of an investment portfolio will depend in large measure upon the individual's financial position and goals. However, because the aim is to establish an adequate retirement fund, the investment mix is likely to emphasize income and steady capital growth.

If you are not covered by a pension or profit sharing plan, or if you are self-employed, you probably qualify to establish a personal retirement program. The following guidelines will help you determine your qualifications.

A **KEOGH PLAN** is basically a retirement plan for the self-employed. Anyone who pays a Social Security tax and/or who owns 10 percent or more of an unincorporated business qualifies: doctors, dentists, accountants, lawyers, architects, merchants, manufacturers reps, farmers and musicians.

People who work for a corporation and also earn additional money on their own may participate in both corporate and self-employed plans. A contribution to one plan does not restrict contributions to the other. In a partnership, a voting majority of the partners is needed to set up a plan.

A Keogh plan must cover all full-time employees who have at least three years of service. However, if a business has been in existence less than three years, the lesser figure must be used. For example, if a two year old company institutes a Keogh Plan, it must cover all full-time employees who have at least two years of service. A full-time employee is one who works a minimum of 1,000 hours a year. However, an employee will not qualify after three year's employment with an average of 1,000 or more hours per year, unless the work each year totalled over 1,000 hours. An owner-employee may exclude from his plan those employees who are members of a union if they are part of another retirement plan that resulted from good-faith negotiations.

Keogh contributions must be the lesser of 15 percent of earned income or \$7,500. This percentage is applied to the first \$100,000 of earned income. In order to get the maximum deduction, the percentage cannot be less than 7 1/2 percent. When an employer makes the maximum contribution (7 1/2 percent of \$100,000) for himself, the contribution for employees cannot be less than 7 1/2 percent.

THE MONEY PUT INTO A KEOGH PLAN IS TAX DEDUCTIBLE, AND THE EARNINGS AND CAPITAL GAINS OF THE FUND ARE PERMITTED TO ACCUMULATE TAX DEFERRED.

Example: A self-employed individual with an earned income of \$50,000 or more can contribute \$7,500 (15 percent) a year to his retirement plan annually and may deduct \$7,500 on his federal income tax

return.
INDIVIDUAL RETIREMENT ACCOUNTS (IRA) provides a tax shelter in which qualifying individuals may set aside their own retirement savings with the benefits of a tax reduction for the contributions and tax deferred build up of income and capital gains.

Anyone working for a living, whether he is an employee, a self-employed professional, or a business person not now participating in a qualified retirement program is eligible to start an IRA plan.

One may make annual, tax-deductible contributions to an IRA plan up to the lesser of 1,500 or 15 percent of earned income for the year. (Earned income means salaries, wages, or self-employment income. It does not include unearned income such as dividends, interest, rents or capital gains.)

Both a husband and wife can deduct contributions if each otherwise qualifies for his or her own (IRA) up to the lesser of \$1,500 or 15 percent of their respective earned incomes. Thus, a total deduction of \$3,000 (\$1,500 for each) is possible.

Social Security contributions do not make one ineligible for IRA. IRA will not affect Social Security benefits.

Retirement withdrawals may begin at age 59 1/2 and must begin at age 70 1/2. No contributions may be made to an IRA after age 70 1/2.

The Individual Retirement Trust Account is exempt from current income tax on realized capital gains, interest, and dividends. Investment increments received within the account will not be taxed until distribution to the participant.

For those who are retiring and wish to continue to tax shelter the proceeds of their Pension or Profit Sharing Plan, a "Rollover" account is available. A rollover is an IRA in which the contribution is a lump sum distribution from a tax qualified Retirement Plan. In essence, if one is a participant in a qualified employer's retirement program, and serves employment or the employer discontinues his program, one can transfer the funds tax deferred from the employer's program of his own individual retirement program.

All of the distribution less the amount of contributions that the individual made on his own behalf (voluntary contributions) must be transferred within sixty days of receipt. If property is received, for example, common stock, one must put that same property in your new plan.

Example: An individual worked for a corporation which maintained a profit-sharing plan into which the employer made contributions and also permitted the employees to make voluntary contributions. The account appeared as follows:

Total corporate contributions...\$40,000
Individual voluntary contributions by employee...20,000
Earnings in plan resulting from corporate contributions...20,000
Earnings in plan resulting from voluntary contributions...10,000
Total...\$90,000

The individual receiving the \$90,000 distribution could roll over the \$70,000 (the amount from the plan minus the individual's voluntary contribution). He can roll over the earnings on both sources of contributions to the plan and continue to keep the earnings sheltered from tax. The distribution of \$20,000 which the individual himself contributed to the plan, would not result in any tax to him upon receipt.

Distributions from the "IRA Rollover" account may begin at age 59 1/2, and must begin at age 70 1/2 and can be spread over the life expectancy or joint life expectancy of husband and wife.

Any questions pertaining to this article should be directed to 372-3779.

Keep your out-of-town friends informed on what's happening in Charlotte by sending them a copy of the Charlotte Post each week. The cost is only \$10 per year.

Harris Jones, Jr. Named Executive Director Of BRC

By Jeri Harvey
Post Staff Writer

Harris Jones Jr. has been named Executive Director of the Charlotte Business Resource Center. Earlier this year Jones had been made responsible for Procurement Activities. At that same time, Cathy McIlwain was promoted from Administrative Assistant to Marketing Manager and Clara Adams was hired as secretary.

The Business Resource Center (BRC), is a department of the Charlotte Chamber of Commerce, under contract with the Office of Minority Business Enterprise (OMBE), United States Department of Commerce. Its purpose is to encourage majority firms to buy from minority businesses, to contact and identify minority vendors and majority buyers, and to act as a liaison between the two groups.

The term "minority" is used to include all persons who are economically or socially disadvantaged due to cultural, racial, chronic economic circumstances, or other similar causes, such as being a Vietnam Veteran or having a physical handicap.

Anyone who qualifies under this definition may use, at no cost, all services of BRC by calling (704) 332-8578.

These services include management and technical assistance, marketing and sales assistance, business training and education, and business financing and loan assistance.

Since its beginning in 1972, the organization reports that approximately \$15,220,000 have been identified and referred to Local Business Development Organizations throughout the state for follow through in securing confirmed contracts. Of that amount, more than 10 percent or \$1,533,000 in contracts have been awarded to minority vendors.

Jones, a native of Lake City, South Carolina, attended Johnson C. Smith and graduated in 1974 with a Bachelor of Arts Degree, with a major in Economics. While at Smith he played professional football with the Houston Oilers and the San Diego Chargers and attended school during the off season. He has also served in the United States Army for two years.

In 1975 Jones joined BRC as Marketing Administrator and worked directly with volunteers of the Regional Minority Purchasing Councils and Chamber of Commerce members in creating markets and implementing procurement activities to mobilize private sector involvement with the Minority Business Enterprise.

One of seven children in what he describes as an "average" family.

Learning just isn't the same when it's set to music by veteran singer Ray Charles. That's what several kids on "Sesame Street," the popular preschool series, found out when Charles visited the Children's Television Workshop to tape sketches that will be seen throughout the series 1977-78 season.



HARRIS JONES JR.
...Receives promotion

rage poor black family," Jones said his father often cautioned him and his brothers and sister that "you don't have to stop here just because you were born poor in a small town - you go on."

He said his father impressed upon them that one thing that can never be taken away from you is knowledge, once you have it.

"Early in life I set goals for myself," Jones revealed. "I knew that I had to plan my future, it wasn't just going to happen the way I wanted it to. So I decided to use sports as my way out and up."

"I couldn't get a scholarship but I came to Smith and the coach let me try out for

football. I made it and then was drafted in the army. I got into Special Services there and after completing my tour I played pro ball and finished school."

After five years in pro ball, Jones said he began to think about his life and determined that he didn't want to continue what he was doing indefinitely. "I wanted to do something to help others, minorities in particular," he said.

Accomplishments Jones is most proud of since working with BRC include his part in promoting three Annual Minority Trade Fairs and producing the first Minority Business Directory for Charlotte-Mecklenburg.

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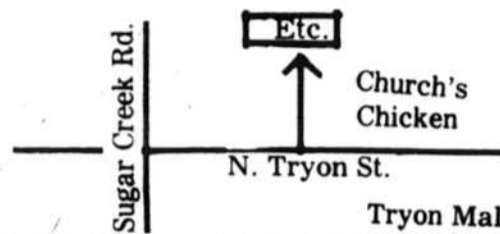
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Holiday Trash Tips

How can you help keep Charlotte neat and clean during the holidays?

Just read and follow these collection tips from the Sanitation Division.

December 26-30 Week After Christmas

- Each residence in the City will receive two backyard garbage collections on a Tuesday - Thursday and Wednesday/Friday schedule.
- Special curbside trash collection will be provided this week. If your regular garbage collection days are Monday and Thursday, place your trash at the curb by 7 a.m. on Thursday, Dec. 29. If your regular collection days are Tuesday and Friday, place items at the curb by 7 a.m. on Friday, Dec. 30.
- The York Road Landfill will be open from 7 a.m. to 4 p.m. December 27-30 and until noon on Dec. 31.

Tree Tips

Remember, place cut Christmas trees at the curb on Jan. 2 for collection. The following week trees will be picked up on regular Wednesday collection.

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