

Local, National Economies Could Be In For A Good Year

Special To The Post
By Hugh Durden

Will 1989 be a year of continued growth and good business conditions in Charlotte, in North Carolina, and in the United States? Or will 1989 see slower growth, fewer business opportunities, or perhaps even a recession?

While a larger number of people are studying these questions, the one certainty is that no one knows for sure. Economic conditions are not always predictable, and seem even less so these days.

We do know, however, that the current economic expansion has continued for over six years—a time during which millions of Americans have been added to the payrolls of businesses, institutions, and other wage paying organizations. All in all, the years since 1982 have been a time of good opportunity and steady growth for both working people and businesses. And



Durden

even though 1989 conditions cannot be known for certain, the best guess is that this will be a year of continued growth, although perhaps somewhat slower than recent years.

Probably the best reason to be optimistic about 1989 is employment. There are more people working in this country than at any time in our history. Overall employment continues to be very low, particularly in Charlotte and North Carolina. In the Charlotte area, job opportunities are more available than ever before for people seeking their first, or a different job.

This very strong growth in jobs has produced a growth in income that is spread broadly throughout the working population. The spending and savings created by this steadily growing work force are strong supports for business conditions this year.

Another important plus for 1989 is the strong production that most American manufacturing firms are enjoying. Firms in some industries, such as: textile, steel, automobiles, agriculture, and businesses that supplied those industries, were

suffering just a few years ago. However, prompted by a decline in the U.S. dollar, and strong demand, these industries have fared much better recently, and are now pluses rather than minuses for the overall economy.

Even though the best guess for 1989 is for continued growth, there are certainly enough warning signs in the economy to keep this estimate from being a sure thing. Interest rates have risen in recent months, and many industries are at or near their practical capacity to produce, making continued growth more difficult. In addition, the budget and trade deficits are serious threats to derail the U.S. economy at some point.

Yet, in Charlotte, growth has been almost phenomenal in recent years, and there are good reasons to believe that this growth will continue in 1989. Companies wishing to relocate or expand their business are

still very favorably inclined to do so in Charlotte and other North Carolina locations. The addition of new firms, plus growth of existing industry, adds to business and employment opportunities, and continues to move Charlotte forward for individuals and businesses alike. In addition, Charlotte now enjoys a well diversified base of industries and jobs. This diversification increases the likelihood of stability in the local economy, and provides a buffer against a decline in growth should the general economy begin to falter.

All in all, there are good rea-

sons to be optimistic about the 1989 business outlook. However, the growing concerns in the economy, higher interest rates, capacity limits, etc., are also likely to continue, and perhaps become worse as the year proceeds.

Together, these factors suggest that while 1989 will probably be a good year, it is not likely to be a great one for most businesses, and is a time when speculative plans are more risky than in recent years.

The writer is Regional Vice President of Wachovia Bank and Trust Company, N.A.

A Little Homework Can Pay Off In More Prosperity

Make the coming months count by resolving to improve your finances. According to the North Carolina Association of CPAs, a few wise moves now can help you make 1989 add up to a year of prosperity. So clear the confetti off your desk top and start organizing your financial life.

PAY OFF YOUR CREDIT CARDS

At one time, consumers had an excuse for running up credit card balances. Double-digit inflation favored the debtor, and personal interest was 100 percent tax deductible. But times have changed. Inflation has settled down, and the personal interest deduction is on its way out. In 1989, you can deduct only 20 percent of the interest charged on your credit cards and personal loans. Next year that figure drops to 10 percent, and by 1991 the deduction will disappear completely.

Your best bet is to pay off as much consumer debt as possible, as soon as possible. For extra incentive, contrast the 13 to 19 percent interest you usually pay on credit cards to the five to six percent your savings account probably earns.

If you are like many other Americans, you may have a hard time managing a world without credit. Without charge cards and personal loans, how could you pay for a new couch, a summer vacation, a new car, or even your children's education? The answer is simple: learn to save.

Each payday, reserve a portion of your salary for savings. If you doubt your own will power, arrange for your employer to deposit a portion of each paycheck into a savings account automatically. But putting aside just \$50 every two weeks, you can accumulate \$1,300 in one year -- not counting interest.

DON'T LET A NEW CAR DRIVE YOU INTO DEBT

Just because you've paid off your old car loan, don't assume that it's time to run out and trade up to a new car this year. Your old car has probably depreciated to the point where it will yield only enough funds to serve as a down payment on a new car. In many cases, you will have to finance the rest of the new car's cost through a personal loan.

Instead of trading in your car right away, consider keeping it a few more years. During that time, deposit the equivalent of your car loan payments into a savings account. In just a few years, you will have accumulated a substantial sum of money to put down on a new car. As a result, your new loan will cost you a lot less in both principal and interest.

BUILD RETIREMENT SAVINGS

Your retirement years may be far off in the future, but when you consider how much money you need to retire with financial security, it can seem right around the corner.

By contributing to a 401(K) or an Individual Retirement Account (IRA) now, you can begin building a nest egg that can last a lifetime. In 1988, you were able to deduct up to \$7,313 in 401(K) contributions-- and as much as \$2,000 in IRA contributions if

you did not actively participate in an employer-sponsored retirement plan.

CHECK YOUR INVESTMENTS

Learning to save is only half of the financial battle. Investing your money is the other. Make sure your investments match your personality, means, and future plans. If you are a conservative investor who cannot afford to lose a dime, avoid risky ventures and seek out guaranteed returns.

No matter what form of investment you choose, keep up to date on its performance. If you have thousands of dollars tied up in a savings account earning five percent in interest, start investigating other options. As a rule, try to select investments that yield at least several percentage points more than the current rate of inflation.

BUY A HOUSE

Buying a house is one of the best investments you can make this year, especially since 1989 promises to be a buyer's market in many locations. In addition, home ownership brings a number of valuable tax deductions--including mortgage interest and real estate taxes. Remember, too, you can always borrow against the equity in your home to pay for other major expenses, such as a child's education. One last point: home ownership can also go a long way in helping you preserve your standard of living after retirement.

If you cannot afford to make a 10 to 20 percent down payment on a new home this year, consider starting a "house" fund.

UPDATE YOUR WITHHOLDING

Review the number of exemptions you claim on your W-4 form--especially if you have recently purchased a home, married, or had a child. You may be able to decrease your withholding and increase the amount of money you have available each month for investing. For example, if a married couple earning \$30,000 increase their total withholding allowances by two, their take-home pay will jump \$90 a month, or \$1,080 a year. But don't increase your withholding allowances carelessly. If you underpay your taxes by more than 10 percent, you may have to pay a penalty.

ORGANIZE YOUR TAX RECORDS

If you sit down with a shoe box of stray papers to do your taxes each April, you can easily overlook deductions to which you are entitled--and pay more than your share of taxes.

NCACPA suggests that you begin to organize your 1989 tax records immediately. One excellent place to start is by keeping a diary of your tax-deductible expenses. For example, you should note the date, attendees, purpose, and cost of any business meals you take outside the office. Any time you visit a doctor, jot down how much you paid and how much your insurance company covered. In addition, keep receipts for transportation costs to and from the doctor's office.

Remember, any money you save on your taxes can bring you that much closer to fulfilling your other financial goals.

Keep Financial Files In Order

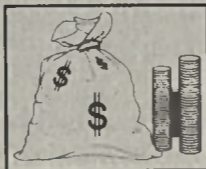
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Insurance -- Policies in force, as well as those with any possible residual values, correspondence with insurers, claims made. Don't overlook coverage provided by fraternal, union, religious, employer or other organizations.

Credit Card Account -- Receipts and correspondence. Numbers to be called if cards are lost. You may wish to keep a separate file for business-related, deductible charges.

Taxes -- Returns from previous years, depreciation and carry-over schedules, correspondence with tax collectors, records of refunds or additional charges for previous years. If the tax file becomes too bulky, prepare separate folders for each year or separate income taxes from other debts.

Debts and Obligation -- Other than those reflected in above files, including those on which you were a co-signer.



BANK NOTES

Choosing the Right Bank

News USA

If you've recently moved, had a major change in your financial situation, or have a college-bound child, you may be shopping for a new bank account. Arm yourself with answers to this checklist from the American Bankers Association before you leave the house.

1. How many checks do you write each month?
2. How much money do you keep on deposit each month?
3. Will your employer make direct deposits to your bank to save you time and start earning interest faster?
4. What time of day do you prefer to do your banking?
5. Do you prefer to deal with machines or people for most of your banking needs?

Now you are ready to narrow your selection of banks to several that best meet your needs.

With automated teller machines and networks to handle your deposits and withdrawals, location may no longer be your most important consideration.

The interest rates being paid by banks do vary. So do the rates they charge on loans. Some charge fees, and these can be a factor in making a decision. Others offer a wide variety of services that are tailored to specific groups of people (students or retired people, for example).

If you are willing to forego some extras, you may want to consider a basic, no-frills account. More than half the nation's banks currently offer such an account, which combines a reduced number of services for an extra-low price.

Take the time to look for an account that meets your needs for service and price—it will be a wise investment. □



Facts for Consumers

HOW TO FIX YOUR OWN CREDIT PROBLEMS

(NU)—If you are having trouble getting credit, ads that promise to fix your credit history or clean up your credit report may sound like the answer to your problems. But before you pay a credit repair clinic to "fix" your credit record, learn what the law says and consider saving your money by making some phone calls yourself.

Under the Fair Credit Reporting Act, you have the right to learn what your credit report says. If you have been denied credit based on a report from a credit bureau, the creditor must provide you with the name and address of the credit bureau it contacted. If you contact that bureau within 30 days to learn what is in your file, there is no charge for this service.

If you simply wish to learn what is in your credit file, check the Yellow Pages under Credit Bureaus or Credit Reporting Agencies. If several are listed, call to find which ones keep your file. Credit bureaus may charge to give you file information. Their fees usually range from \$5 to \$15.

After you review your credit record, contact the credit bureau if you find inaccurate information in your file. By law, the credit bureau must investigate it and, if it is inaccurate, remove it.

However, if the information is accurate, no one can require the credit bureau to remove it—unless it is outdated. If you have been late paying your bills during

the last 7 years, the law permits the credit bureau to tell creditors about your history of late payments. Bankruptcy may be reported for 10 years. That is the law. If anyone tells you that they can remove negative but current and accurate items from your file, they are making promises that they cannot keep.

If you are having problems paying your bills and need help, you have several options. You can contact the companies you owe money and try to work out an adjusted repayment plan yourself, or you can check your telephone directory for non-profit financial counseling programs to get help. Some universities, local county extension agents, military bases, credit unions, housing authorities, and banks operate such programs and charge little, if anything, for their assistance.

You also may want to contact a Consumer Credit Counseling Service (CCCS), a non-profit organization with more than 200 offices located in 44 states. To find an office near you, check the white pages of your local phone directory or contact the National Foundation for Consumer Credit, Inc., 8701 Georgia Avenue, Silver Spring, MD 20910, (301)589-5600.

Want more free consumer information? Write "Best Sellers," Room 130, Federal Trade Commission, Washington, D.C., 20580.

Daniel Oliver is Chairman of the Federal Trade Commission

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