

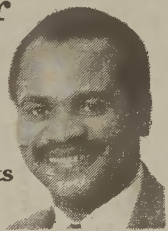
BUSINESS THIS WEEK

Self-Employed Can Make Own Breaks

I'd like to direct this week's *Financial Corner* to you self-employed entrepreneurs and small business owners who got an unpleasant surprise at tax time last year; you who are still trying to detect every little deduction to help reduce this year's burden. I'm sure most of you strategically prepared yourselves last year for optimum tax savings and yet you feel that Uncle Sam will get the best of you again.

The Financial Corner

with
Marcus Butts



You sheltered your income, positioned yourself for business deductions, and contributed to an IRA. You also took advantage of the tax advantages of setting up a pension plan...or did you?

An individual with self-employment income from personal service in any tax year may establish his or her own qualified retirement plan in addition to a personal IRA. A sole proprietor or a partnership is qualified to establish such a plan. Even a person who is salaried but earns additional outside compensation, such as consulting income or corporate director's fees, may establish a plan based on that outside income. Such plans provide an immediate tax deduction, as well as tax deferral for all income

earned by plan assets.

Self-employed individuals can establish the same type of retirement plan(s) which were previously only available to corporations, such as profit sharing, money purchase pension, defined benefit and defined contribution pension plans. These plans permit contributions far in excess of the previous Keogh limits and allow more flexibility in plan design. Self-employed individuals can also establish a Simplified Employee Pension (SEP) - a low-cost alternative to a regular pension plan. Potentially, an SEP can provide you the opportunity to make tax-deductible contributions in an

amount up to 15 percent of compensation or \$30,000, whichever is less.

Most employers, and self-employed individuals, are eligible to adopt an SEP. Under an SEP, each eligible employee will adopt his or her own Individual Retirement Account (IRA) to which the employer may contribute each year. This IRA is sometimes referred to as an SEP-IRA. As I mentioned an SEP can serve as an important tax planning tool since contributions made to an SEP are not only tax-deductible to the employer, but are not taxable to the employee until withdrawn from the employee's IRA. Earnings also accumulate in the employee's IRA on a tax-deferred basis. Thus, the funds can grow at a much greater rate and provide a larger pool of capital for retirement than if they were currently taxed.

The main advantage of an SEP over other types of employer-sponsored retirement plans is that an SEP is easier to establish and easier to administer.

Establishing an SEP simply involves completing a simple

adoption agreement like the IRS Form 5305-SEP, giving copies of those completed forms and accompanying disclosure material to your eligible employees and making sure that each employee establishes an IRA to which you will make SEP contributions.

SEPs have been exempted from many of the federal regulations and IRS filing requirements which apply to other types of tax-qualified programs. Once the employer has made a contribution to the employee's SEP-IRA account, he or she need not have any further responsibility for the administration of the account. Furthermore, since an SEP permits employees to direct the investment of their own IRAs, the employer has no responsibility for such investments and avoids many of the fiduciary duties normally associated with a qualified employee benefit plan.

If you have any questions about SEPs or comments about investments, please direct your letters to Marcus Butts, c/o The Charlotte Post, P. O. Box 30144, Charlotte, NC 28230.

Mahogany Is Now On Sale

The 1989 edition of *Mahogany* - A Shopping Guide of African-American Businesses and Professionals, a publication covering the Charlotte-Mecklenburg area is now available.

Through its listings, *Mahogany* offers immediate access to products and services provided by African-Americans, from A to Z. The directory covers the

black business community, churches, attorneys, organizations and much more.

The cost of the publication is \$5 plus \$1 postage and handling.

To purchase a copy of the directory, write *Mahogany*, P.O. Box 33204, Charlotte, NC, 28233, or call (704) 373-1808. The directories are also available at the Afro-American Cultural Center, 401 N. Myers St.

Anti-Redlining Strategy Planned

Have you ever tried to get a loan, but were turned down for no valid reason?

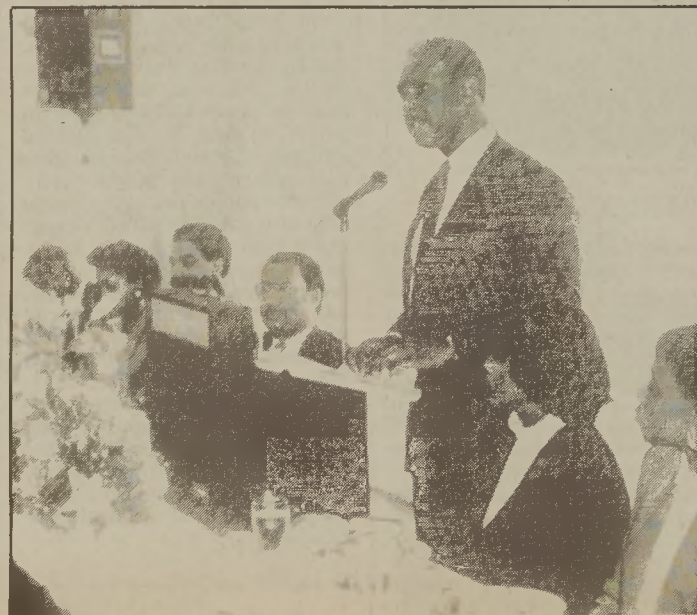
If so, you may be a victim of red lining, a system by which banks discriminate by refusing to lend money to people living in particular neighborhoods.

The Charlotte Organizing Project is meeting with several groups on Saturday, March 11, 10 a.m. to 2 p.m. at First Baptist

Church-West, to research and develop a strategy for dealing with banks that will not lend money in neighborhoods most in need of resources for housing and businesses.

The public is invited to attend. There will be a free lunch and transportation will be provided if requested.

For more information, contact Jane Burts at 372-0675.



Harvey Gantt, Managing Partner of Gantt-Huberman Associates, was the guest speaker at the recent BEEP (Black Executive Exchange Program) held at Johnson C. Smith University.

SHOP THE CLASSIFIEDS TODAY AND YOU MAY FIND THE RIGHT JOB FOR YOU!
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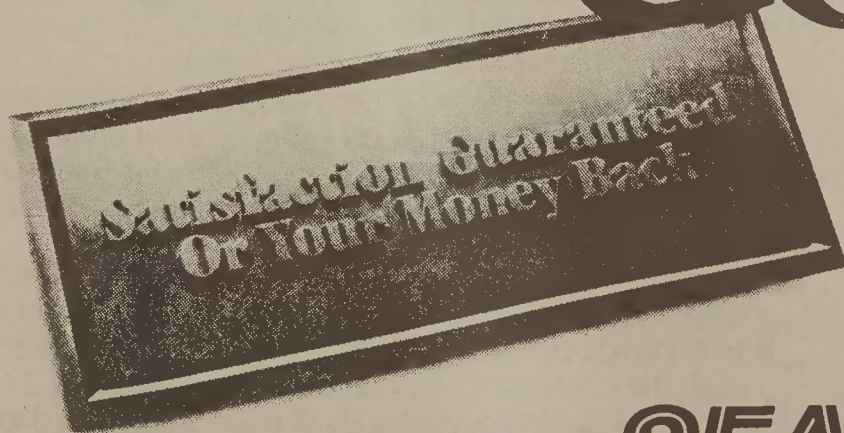
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