The State Port Pilot, Southport, North Carolina, Wednesday, July 20, 1994--7B

BUSINESS al Banking Machine

The State Port Pilot



UCB's Randy Huggins and Phillip Presson were pleased Monday to award a color television to Anne Price, who won the device in a July 15 drawing at the grand opening of the downtown Southport branch's automatic teller machine.



Money Management **Employee must weigh** early retirement plan

continue to trim their workforces, thousands of workers face the opportunity to trade their jobs for enhanced early-retirement deals.

What should you do if your employer offers you what seems like a pot of gold in exchange for your early exit from the company?

According to the North Carolina Association of CPAs, even the best early-retirement package involves important career and financial stakes that dictate careful scrutiny of the package's pay and benefit terms.

According to CPAs, if you're presented with an early-retirement offer, the first issue to address is whether you really have a choice. Is your company looking to reduce numbers in general, or is it targeting specific individuals or departments? Is it likely that outright layoffs will the voluntary earlyfollow retirement offers?

Your decision-making process should begin with a realistic assessment of your job security, your prospects and marketability, and the future of your company. Assuming the early-retirement offer is voluntary, the next step is to carefully evaluate the package you are offered.

Evaluating Early Retirement Packages

Early-retirement packages generally tempt employees with a combination of benefits. In most cases, the package is built around a "sweetened" pension and may be supplemented with such extras as a payment, post-retirement cash health benefits and help in finding a new job.

When calculating your retirement benefits, most companies enhance your future pension by "adding" years to your age and/or crediting you with extra years of employment. A few additional years in a pension can significantly increase your retirement payout. For this reason, it's important that you compare what you're being offered against what you would get if you stayed on the job. A valuable exercise is to balance all the income and expenses of continuing to work against those of retiring to see how much more you stand to earn by working as opposed to retiring. Some individuals may find that when the costs of commuting, clothing and other work-related expenses are factored in, continuing to work makes only a marginal difference in their income. To determine whether you can afford to retire early, you'll need to take a hard look at your anticipated expenses and income during your post-employment years. While circumstances vary, CPAs and other experts agree that most retirees will need 70 to 80 percent of their preretirement salary to maintain their standard of living. In estimating your income needs, be sure to consider the benefits you can expect to receive from Social Security and your company pension, as well as any savings and investments you have earmarked for retirement.

mula that takes into account salary and the number of years you've worked for the company.

If you're younger and the package means a job change rather than retirement, be realistic about your an early-retirement offer. Your comchances of finding a comparable job pany is required to withhold 20 perbefore your cash payment runs out.

Benefit Terms

Are Important Factors Some of the better earlyretirement packages include company-paid medical insurance coverage for a specific time period, although rising medical costs are making this benefit increasingly rare.

However, federal law requires that all companies with 20 or more employees offer departing workers continued health insurance coverage advice before cashing in on an for 18 months. In such cases, the early-retirement offer. employee picks up the cost of this coverage but pays a premium based on the company's group rate (plus prepared and distributed by the an administration fee of up to two percent). After that, you're on your Certified Public Accountants.

As companies across the country lump-sum cash payments. Typically, own, so carefully consider the cost cash payments are based on a for- of paying for your own medical insurance.

Consider Taxes When Sizing Up Your Offer

Finally, CPAs urge you to consider the tax implications of accepting cent in taxes from lump-sum pension distributions, unless you request the money be transferred directly to an Individual Retirement Account (IRA) or another qualified retirement plan. What's more, if you hold onto the cash, in addition to the income tax you'll be subject to a ten-percent, early-withdrawal penalty if you are under the age of 55 in

the year you leave your job. For these reasons, it's especially important to seek some professional

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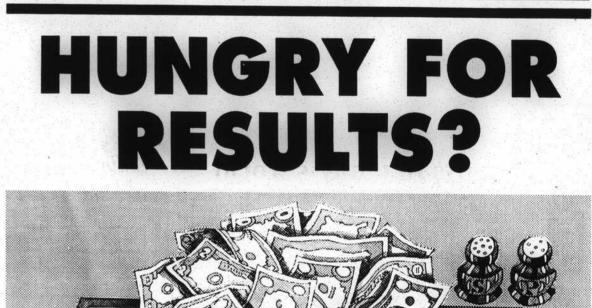
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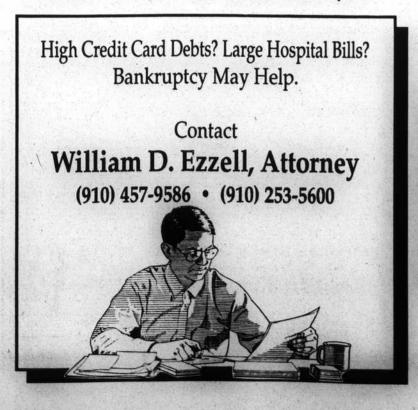
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Innovative Ideas Advertising and Design held its grand opening last week in the Town Gate Shopping Center, Southport. Participating in the ribbon-cutting were Lynne Repscha, representing the Southport-Oak Island Chamber of Commerce; Foxy Howard; Chris Howard, president; Jeff Howard; Mag Ferrell; Norman Holden, Southport mayor; Jeff Howard; Reece Howard; and Rob Gandy, Southport city manager.



The grand opening of Philomena Moultrie's was held last week in the General Superstore Plaza in Long Beach. Participating in the event were (left to right) Lynne Repscha, Southport-Oak Island Chamber of Commerce vice-president for business development; Joan Altman, Long Beach mayor; Dianne Vereen and Jennie Ennis, co-owners; Wavland Vereen, Brunswick County commissioner; and Dave Kelly, external relations manager at CP&L's Brunswick nuclear plant.



Don't Overvalue Cash Payouts To make early retirement more attractive, particularly for younger workers, some companies offer

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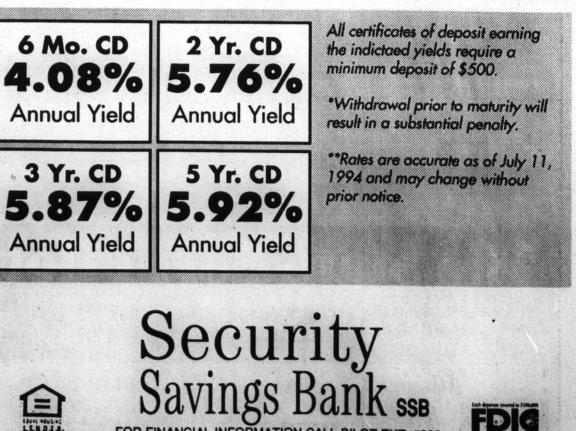
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