

Tax-Free Investing Through Municipal Bonds

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You're probably one of millions of Americans who still pay a substantial portion of their income to Uncle Sam every year despite tax reform, and you probably know that it is now much more difficult to keep investment income out of the IRS' grasp.

But it's not impossible. For one thing, many people can still take advantage of Individual Retirement Accounts, Keoghs and 401 (k) plans, all ways in which earnings accumulate on a tax-deferred basis. (However, many people's IRA contributions are no longer tax-deductible from current income.)

Remember, though, that tax-deferred means exactly what it says: Your tax obligation is merely delayed until you withdraw, at which point you must pay at your then-current tax rate. And all government-sanctioned retirement plans have ceilings on the amounts you may contribute and penalties if you withdraw your money generally before age 59 1/2.

Another tax-advantaged alternative is municipal bonds, which have none of the limitations (maximums or early withdrawal penalties) associated with tax-deferred accounts. Municipal bonds are the only securities where your investment earnings are normally exempt from federal taxes. Your Financial Consultant can help you determine if you're in a high enough tax bracket to benefit from tax-free municipal returns. If you are, you then have three broad categories of municipal investment to choose from:

* Individual municipal bonds are issued by state and local governments or governmental agencies, like power or highway authorities. If the issuer is located in your home state, the income you receive will most likely be free from state and local taxes as well as federal; if you choose an out-of-state issuer, the income will in most cases be free from federal taxes only.

Municipal bonds are classified by independent rating services according to their safety from the risk of default. Top-quality bonds are rated AAA, AA and A by Standard & Poor's, while Moody's uses the designations Aaa, Aa and A. In

Las Vegas Israelite Adopt-A-Dancer Opus Fundraiser Set For Feb. 21



The "Adopt-A-Dancer" Fundraiser for Opus Dance Ensemble, Sunday, Feb. 21, will give patrons of the arts plus those with sincere parental instincts an opportunity to assist performers of the non-profit organization comprised of professional dancers from the Las Vegas Strip.

The event will take place from 3 to 5 p.m. in the main lobby of Centel at 330 S. Valley View.

According to Opus President Jodi Warman, the purpose of the unique affair is to provide rehearsal pay for Opus dancers who receive an extremely small stipend in exchange for three months of rehearsals plus a performance. Currently, dancers receive \$50.

"Our goal is to pay them at least \$100 for their efforts and dedication," says Warman. "We would like to increase that amount with sufficient funding in the future."

The \$10 admission charge includes door prizes, snacks and beverages, plus a performance of "Hit Me With a Hot Seat," choreographed

general, the safer the bond, the lower the interest rate. Municipal bonds are sold with \$1,000 face values, although most are issued in \$5,000 denominations.

* Municipal bond mutual funds are large portfolios of municipal securities assembled and managed by experts. "Managed" means that the investment advisers buy and sell bonds regularly in an effort to improve the portfolio's performance.

Bond funds may specialize in the bonds of one state, providing residents of that state with double-or-triple-tax-free income, or they may contain a diversified mix of bonds from around the country. They may buy only the safest bonds, or they may opt for lower-rated issues that produce higher yields for investors. Your initial investment in most bond funds is only \$1,000 (sometimes less), and subsequent investments can be as low as \$100. If you choose, your dividend income can be reinvestment in fund shares ordinarily without a sales charge. The compounding effect of reinvested dividends will serve to increase your tax-free yield.

In addition, shares of your municipal fund may

by Opus co-founder McGarry Caven. Members of the ensemble will be on hand during the afternoon and mix and mingle with guests and to model costumes from previous and future Opus concerts. Discount tickets for the upcoming April 16 concert, "Opus Pastiche," will be available. Grand prize will be a round trip to the Grand Canyon via Air Vegas.

The Opus Dancers originally danced locally in the early hours following their two nightly performances. However, since their transition two years ago from nightclub to stage, they have presented two major, enthusiastically received concerts per year, at the Tropicana Hotel. Opus has continued to provide the framework for yet another outlet for the varied talents of many of Las Vegas' most proficient dancers and has also given a new dimension in the arts to Southern Nevada's cultural community.

For information and advance tickets, please call 732-9646. Tickets will also be available at the door.

WASHINGTON — B'nai B'rith International President Seymour D. Reich issued the following statement regarding the proposed visit of Pope John Paul II with Austrian President Kurt Waldheim next spring:

"I can see only one useful result of such a visit -- if the Pope were to take a confession from Mr. Waldheim, and if that act gave Austria's president the moral courage to do what he should have done years ago: publicly admit his Nazi past and withdraw from public life."

be exchanged into other funds within the family, without cost, should your needs or goals change.

* Municipal bond unit trusts are similar to mutual funds, in that they are diversified portfolios of bonds assembled by investment professionals, with low initial and subsequent investments and automatic interest reinvestment. They differ, however, in that they are not managed. The bonds, once purchased by the sponsor, normally remain in the portfolio until maturity. This means that the interest rate paid by the unit trust will stay about the same, whereas that of a mutual fund may change from time to time.

Remember that municipal bonds, funds and unit trusts, like all fixed-income investments, are vulnerable to changing interest rates. If rates rise after you buy a bond, mutual fund or unit trust, the value of your principal will decline. Conversely, if rates fall, your principal will be worth more. This is a basic law of investing you should understand and discuss with your Financial Consultant when considering municipal securities.

CD RATES* FOR THE SERIOUS INVESTOR.

90 DAY	7.20%
6 MONTH	7.25%
12 MONTH	7.50%
24 MONTH	7.85%
5 YEAR	8.75%

• OTHER MATURITIES AVAILABLE •

*These annual rates of return are effective as of 1-29-88. All CDs shown are insured up to \$100,000 per depositor per institution by the Federal Deposit Insurance Corporation (FDIC) or Federal Savings and Loan Insurance Corporation (FSLIC). Rates and availabilities are subject to change. There may be a substantial penalty for early withdrawal.

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