BUSINESS

INVESTING TO BEAT THE TAX MAN

By Fred Snyder

It's tax time again, always a difficult time of the year. It's the time when we give the most attention to our finances, and the best time to review investment and plan for the future.

Tax laws are constantly changing, and recent changes have made tax reduction more difficult. To reduce your tax liability there are four objectives:

1. Tax free investing
2. Tax deferral
3. Tax Deductible
4. Tax credits

The first three mentioned are the most common and easily available to all investors.

Municipal bcnd interest is free from federal taxation. "Munis" can be either a general obligation bond, which is backed by the taxing power of the state or municipality, or revenue bond which is a bond issued based on a specific project. Municipals can be purchased as individual issues or municipal bond mutual funds. Mutual funds require lower initial investment and the ability to reinvest your interest.

Tax deferral has the best advantage over all of the rest. Tax deferral allows you to postpone paying tax until sometime in the future. Every retirement plan offers this feature. The benefit is that as your money grows, nothing is withdrawn from the investment, because nothing is lost to taxes, your dollars compound at a faster rate.

Tax deductions have been hit hard by changes in the law. Interest paid on your home mortgage is deductible. Home equity loan interest is deductible. Retirement plans offered thru your employer can be deductible and IRA contributions still have deducibility, but there are restrictions which could reduce or eliminate that benefits.

Tax credits were very popular and have lost some of their appeal, again due to tax changes. This area suffered many abuses in the past, and over the years Congress has moved quickly to close tax loopholes. Tax credits are available for investments in rehabilitation of historical structures, housing for seniors and low income housing projects. The minimum investment in this area can be large and the qualification levels are high.

We are in an election year and there are different tax packages floating around Capital Hill. You can be sure that we will experience more changes in the future. Some will be good, some bad. Be ready to make some adjustments. Tax avoidance is perfectly legal and beneficial for investors.

Investing to beat the Tax Man, Fred Snyder.

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NEVADA'S UNEMPLOYMENT UP IN JANUARY

Carson City—Nevada's seasonally adjusted unemployment rate rose 0.8 percentage points in January to 6.2 percent, according to the latest survey conducted by the Nevada Employment Security Department (NESD).

Stan Jones, executive director of NESD said, "Nevada's unemployment rate is an anomaly and does not accurately reflect our economy." He noted, "Each January we go through a 'benchmarking' of data in conformity with Bureau of Labor Statistics requirements." Jones explained that benchmarking is the replacing of sample estimates with known data taken from the Unemployment Insurance Systems as reported by all Nevada employers.

Jones said, "Over-the-year Nevada had a moderate growth of 19,000 jobs. In spite of the increase in the January unemployment figures our economy show signs of stability — particularly when compared to the national and California data."

He said, "Nevada continues to have jobless figures below the national average." Nationally, according to the U.S. Bureau of Labor Statistics, the seasonally adjusted unemployment rate was estimated at 7.1 percent,—no increase over-the-month. Neighboring California's seasonally adjusted unemployment rate increased to 8.1 per-

(See NV Employment, Page 17)

Real Estate Perspective

By Loretta A. Hall

HOUSING SALES & INVENTORY ARE UP IN LAS VEGAS!

Housing sales and inventory levels have risen for the quarter as well as the year. A total of 2,489 new homes sold in the Las Vegas Valley from December through February, representing a 1 percent increase from last quarter and a 92 percent increase from the same time last year. The increase from one year ago can be attributed to the poor performance in the fourth quarter of 1990 in which deteriorating consumer confidence levels, brought on by the war in the Persian Gulf and rising unemployment levels, caused numerous cancellations throughout the entire Las Vegas Valley.

Low interest rates are currently fueling demand for homes in the Las Vegas housing market. However, local job growth, is an excellent indicator of future demands for housing has remained stagnant. Currently, there are approximately 235 active new home projects in the Las Vegas market, up 31 percent from last year. Out of the 235 active projects, 38 projects (16%) have 10 fewer units left to release. The competitive market should result in keeping price increases to a minimum. Presently, a total of 2,653 new homes remain in inventory, an increase of 53 percent from last year and 10 percent from last quarter. Based on the current sales rate of 191 units per week, the available inventory represents a 14 week supply of available product.

The median base price of a detached home rose 1 percent to $121,950 this quarter while condominium prices rose 5 percent to $79,000. With the introduction of numerous entry-level and first-time, move-up products entering the market, single family median base prices have been down since the third quarter of 1990 when they hit a high of $126,990. However, it is still an excellent time to purchase real estate in our community.

For additional information concerning this article and/or previous articles, please write to the REAL ESTATE PROSPECTIVE c/o LAS VEGAS SENTINEL VOICE NEWSPAPER, 1201 South Eastern Avenue, Las Vegas, Nevada 89104