

BUSINESS

FINANCIAL REPORT HOW DOES A KEOGH PLAN WORK?

By Fred Snyder

Keogh plans can provide some very attractive tax benefits. They were created to provide a tax-sheltered retirement option for self employed taxpayers.

Unlike Individual Retirement Accounts, which limit tax-deductible contributions to \$2,000 per year, Keogh allow you to save as much as 20% of your self-employment income or \$30,000, whichever is less. And, you are allowed to have a Keogh plan in addition to another qualified retirement plan such as an IRA.

The money in a Keogh plan compounds tax-deferred until you withdraw it. When you withdraw these funds, you can take advantage of some of the tax saving techniques—such as a 5-year forward averaging—that aren't available to IRA depositors.

You can open a Keogh account at banks, brokerage houses, insurance companies,

mutual funds companies, credit unions, and savings and loans. Although the federal government sets no minimum opening balances, most institutions set their own, usually between \$250 and \$1,000.

Fees and commissions vary, so it makes sense to shop around.

Deposit Deadline

The deadline on a Keogh plan is sooner than for a IRA. You must open a Keogh by December 31 of the year for which you wish to claim a deduction.

You don't have to come up with your entire contribution by then, though. Much like an IRA, you don't have to deposit all the

cash you intend to save for the year until the day you file your tax return. That gives most taxpayers until April 15 to deposit their annual retirement savings in a Keogh account.

Necessary Paperwork

Unfortunately, the paperwork required to open a Keogh account is cumbersome. You'll be required to fill out forms that ask very specific questions about your business, your Keoghs vesting schedule, and the appointment of an administrator of the plan. You may want to use the services of an accountant in filling out these initial forms.

Keogh owners must also file disclosure form annually. If your



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Keogh has more than one participant, you must file form 5500-C the first year and every third year. In the intervening years, you can dispense with the more complex form 5500-C and file only form 5500-R each year.

FRED SNYDER IS AN INVESTMENT ADVISOR FOR INION EQUITY PARTNERS.

ARTA ELECTS DIRECTORS

LAS VEGAS - The Southern Nevada Chapter of the Association of Retail Travel Agents elected Directors for 1993.

Elected at the November 4 general membership meeting,

held at the Jockey Club Turf Restaurant, were Fran Almaraz - Sato Travel, Les Bruno - Winship Travel, Art Chesmore - Travel Services International, Darlene Hannah - Pacific Inter-

national Travel, Marilyn McMurtry - Valley View Travel, Tom Pitts - Ambassador Travel, Patti Romeo - North-South Travel, Pat Spencer - Jockey Travel and Kathryn Young - Escape Travel.

This was the first election held by the So. Nevada ARTA Chapter, which organized in March. The Association for Retail Travel Agents, established in 1962, is the only national organization to represent the
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Real Estate Perspective

By Loretta A. Hall



LEASE OPTIONS (Remember to cover all ground)

What happens if a prospective buyer is unable to buy after the end of the lease option agreement? Does the renter lose the deposit and the lease payments? These are very good questions. It highlights some of the most important elements in all real estate transaction — that all terms should be negotiated in advance and then put into writing. Example, you have entered into a lease with an option to purchase and your buyer is to exercise that option within 18 months of the date of the transaction. If you were on the ball when you entered into the agreement you would have covered these important points in the lease. I would like to think that if you do consider to enter into a written lease with a option, you will have all of the important terms well spelled out in the document. As seller who enters into a lease

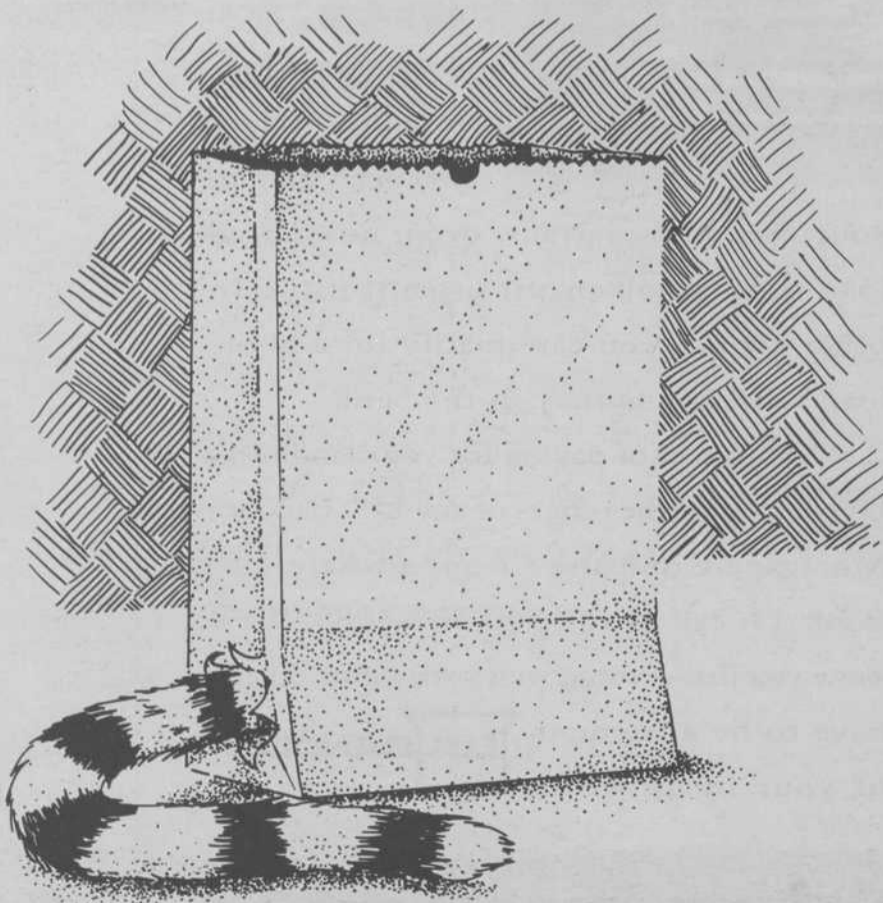
option, I would want a sizable down payment and a monthly rental income that would not be credited for the purchase price. In the event the tenant did not go to settlement, my preference would be to declare the entire deposit to be forfeited in my favor

if the lease option is cancelled. The theory behind this strategy is that you are taking your house off the market for a period of time, and you are contracting to sell your house in the future at today's prices. If I were the tenant who enters into such a lease option, I would, of course, want different terms. I would attempt to negotiate for all or part of the monthly rental payments to be credited toward the purchase price. In addition, if I were unable to go to settlement at the expiration of the lease, I would not want to lose any of my deposit.

You will need good negotiating skills and the written agreement should be signed by all parties. This is a legal document, and since your tenant will be living in the house for a period of time in accordance with the terms of this agreement, it should be carefully considered before you sign it. If specific language is not spelled out in your lease option agreement regarding the deposit and lease payments, and you and your tenant could not reach a compromise, you may both end up in court. You of course, would probably take the position that the deposit is forfeited and the tenant would no doubt contend that the money was merely a security deposit for the rental arrangement. This is why it is so important to write out all terms in the agreement. If the transaction was in fact a lease with an option to purchase, the court will probably side with the seller. You may also want to consider adding the following language to any such lease option arrangement "any dispute arising out of this agreement will be decided by an arbitrator, in accordance with the rules of the American Arbitration Association." If you add this clause in your lease option agreement, and a dispute does arise, the matter will probably be resolved more quickly and more cheaply than if you have to go to court.

As always, please contact a professional for all your Real Estate needs or write to me c/o REAL ESTATE PROSPECTIVE, Las Vegas Sentinel Voice Newspaper, 1201 South Eastern Avenue, Las Vegas, Nevada 89104.

IT'S COMING



VOTE

December 20, 1992

BYRON A. GOYNES

NAACP - President
Las Vegas Branch

"Committed To Community"

As NAACP President I will focus on: • Protecting The Civil Rights of African-Americans • Voting Rights • Economic Advancement • Education • Youth • Changing Police Policies • Creating Jobs/Training Programs • Transportation

EDUCATION:

Graduate - St. Joseph's School, Las Vegas • Graduate - Bishop Gorman High School, Las Vegas • Graduate - Prairie View A & M University of Texas (Class of '83), Prairie View, Texas (Bachelor of Business Administration)

• Graduate - National Broadcasting School, Las Vegas

ORGANIZATIONS:

Member - NAACP • Member - Second Baptist Church • Member - Kappa Alpha Psi Fraternity Inc. • Member - Board of Directors (TADC) Temporary Assistance for Domestic Crisis • Member - Employee Representative (PEA) Public Employee Association Local 1107 • Commissioner - Board of Zoning Adjustment City of Las Vegas

"If It Is To Be It Is Up To Me, If It Is To Change It Is Up To Us"
For NAACP Membership Information or any questions please call me at 593-3903 anytime!

