

BUSINESS

FINANCIAL REPORT

AMERICAN PENSION FUNDS

By Fred Snyder

American pension funds, as big as they are, cannot solve all of the world's problems. Yet they are the first place politicians and others turn to when they see a problem they think money can cure.

The asset of the nation's pension funds, estimated at more than \$3.2 trillion, are often described as the largest single-purpose pool of capital in the world.

These pension assets are already a powerful force for economic good. First and foremost, they secure the pension benefits of between 40 million and 50 million American workers and retirees.

Second, they provide the capital for thousands of businesses across the nation through the stock and bond markets and private placements.

Still, some politicians and others seem to think those pension fund assets are sitting idle in sterile bank vaults collecting

interest, or lying under mattresses somewhere. This year alone suggestions have been made that pension funds should help rebuild Los Angeles and Miami, repair the nation's crumbling infrastructure, and help the former communist countries privatize and rebuild their industries. Immediately after the election, three study groups proposed infrastructure rebuilding programs that envisioned major roles for pension funds.

Too often the advocates of such plans want the pension funds to pour their money into such ventures without regard to the investment return, the risk inherent in them, the structure of the investment vehicles, or the liquidity of the investments. Some even suggest pension funds should make money available even if the expected returns are not competitive.

All wrong. Pension funds are not charitable institutions. They owe a fiduciary duty to the employees and retirees whose

pensions they underwrite.

There may indeed be roles for pension funds to pay in all of the above ventures, but only if satisfactory investment vehicles can be devised that pension funds find attractive in terms of expected return and risk.

If the funds were offered infrastructure-rebuilding investments that meet their risk-return criteria, no one would have to pressure them to invest in those ventures. Likewise, if they were offered similar investment vehicles for rebuilding Los Angeles or Miami, many would certainly invest.

If capital is to be used efficiently, it must flow to those uses which provide the highest expected return for a given level of



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risk, or the lowest risk for a given level of expected return. Any attempt to mandate pension fund involvement in infrastructure repair or similar ventures will simply mandate that capital is used less efficiently than it might otherwise be. That will make the country as a whole poorer than it might otherwise be.

Fred Snyder is an investment advisor for Union Equity Partners.

SCORE REPORTS VERY STRONG ACTIVITY IN BUSINESS START-UPS

SCORE, The Service Corps Of Retired Executives, sponsored by the Small Business Administration, reports continued strong activity in the Las Vegas area for small business start-ups. The tight lending policies and slightly slower business conditions have not deterred many people from opening new businesses.

Our 49 workshops held at UNLV, Community College, In-

ternal Revenue Service, Nellis AFB and the Showboat Hotel were attended by 1096 clients. The subjects covered were: How To Start A Business, Cash Flow Projections, Pricing Your Product For Success, and Marketing For Small Business.

For our program of "One-On-One" Counseling, we had 773 clients who were either starting a business or having difficulty in operating their businesses. Our telephone contracts doubled over 1991 year figures to 3561 contracts.

With the Las Vegas Market anticipating growth, score has expanded the programs available to our clients. We have introduced workshops in Recordkeeping and How To Prepare a Business Plan. We also have expanded our staff of volunteers to accommodate an increase in the number of workshops proposed for 1993. So far we have scheduled more than 30 workshops with many more to be scheduled during the year.

SEMINAR ADDRESSES WORKPLACE ISSUES

What would you do if your boss made a pass at you? How should you handle such a situation as a human resource professional?

The violation of employee's legal rights in the workplace and unwanted sexual advances put both the employer and the employee at risk.

They can cost a company substantial sums of money and the employee loss of self esteem, emotional trauma and perhaps even their job.

Can We Talk? is a seminar designed to help employers and employees answer these questions. Kathleen England and Richard Segerblom, both local attorneys, are the guest speakers at the seminar. England will discuss sexual harassment and Segerblom will address legal rights in the workplace.

The Displaced Homemaker Center at HELP of Southern Nevada is sponsoring the seminar, which will be held February 3 from 9 a.m. till 12 p.m. at the Winchester Community Center at 3140 McLeod. Please call 369-4357 to make your reservation by January 29, as seating is limited.

HELP is a 23-year-old nonprofit agency which also operates information and referral, community alternative sentencing and weatherization programs.

The Displaced Homemaker Center is being operated through a grant from the State Displaced Homemaker Board and serves women in Lincoln, Clark, Nye and Esmeralda counties.

Real Estate Perspective

By Loretta A. Hall



HOME SHOPPERS HERE'S ONE TIP TO PROTECT YOURSELF AGAINST BUYING A "LEMON"

Home shoppers, have you ever asked yourself, how I can best protect myself so I don't get stuck with a lemon? There are several ways to avoid getting stuck with a lemon of a house. When you find a house you want to buy, make your written purchase offer contingent upon your approval of (a) the seller's written disclosure of all known defects in the house and (b) a professional inspection of the house.

Your real estate agent can assist you with obtaining the seller's written disclosure statement and arranging the professional property inspection. Incidentally, be sure to accompany the inspector, so you can see

any defects discovered and learn whether they are serious or superficial.

An additional protection is to insist the seller provide you with a one-year home warranty policy. This insurance pays for repairs to the plumbing, wiring, built-in appliances and furnace during the first 12 months after purchase. For an additional premium, the air conditioning, pool and roof also can be included in the warranty.

Just as you can't always be certain of buying a car that won't have defects, there is no absolutely perfect technique to be sure you are not buying a house without problems.

However, these methods are what I feel are the best techniques you can use to help minimize the chances of buying a lemon.

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

The Las Vegas



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