FINANCIAL REPORT

THE FACTS OF LIFE

By Fred Synder

Not all of the facts of life are about the birds and bees. Here are a few that are seldom reported:

1) At age 65:

Forty five percent of folks are dependent on relatives, thirty percent are dependent on charity, twenty three percent are still working and two percent are self sustaining.

2) Fewer men are worth $100 at age 68 than at age 18. This is after fifty years of hard work.

3) Eighty five out of one hundred people reaching age 65 do not have $250.00.

4) Not one person has deposited money regularly for twenty years. Less than twelve percent save for ten years or more.

5) Ninety three percent will retire on one half or less of their working income, (sixty five percent is the minimum needed to maintain your current life style). And finally ninety three percent of the men at age 65 who have failed financially said it was because of the lack of a plan.

When I discovered these statistics I found them hard to believe. But they have been documented by a number of different sources, and if you still doubt the facts, take your own survey. Start with your neighbor and ask this question: "

What are you doing to secure your financial future?" When they give you an answer, go to the next neighbor or friend or co-worker. Continue to talk until you have convinced yourself that the statistic is true.

I recall reading an article over two years ago in the WALL STREET JOURNAL. It was written by Joseph Perkins, one the few African American writers for the JOURNAL. The article was about his experiences throughout the years and the importance and impact of finance in everyone's life. He said, "give someone a fish and they eat for a day, teach them how to fish and they can eat for a lifetime."

There are seven rules which must be followed if you are to secure your financial independence, and you do not have to be an expert.

1) Know how money works. Let it work for you.

2) Have knowledge of tax laws, use them for your benefit.

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3) Define specific goals, set short term, medium, and long range goals.

4) Protect yourself against major losses, use insurance of all types.

5) Develop a plan.

6) Pay yourself regularly, save a portion of what you earn.

7) Take immediate action, do not procrastinate. The more time you have, the less money you'll need to save.

Fred Snyer is an investment advisor for Union Equity Partners.

FIRST WESTERN BANK ANNOUNCES OFFICER PROMOTION

Doris Charles has been promoted to Senior Vice President, Retail Banking Administrator, at First Western Bank. She will oversee all facets of the Bank's wide range of savings, checking, ATM, and auxiliary programs. As Retail Banking Administrator, Charles also will supervise operations for First Western's 16 branches throughout the state. This includes personnel training and customer relations.

Educated in London, England, Charles has over 15 years of retail banking experience in Nevada. Since beginning with First Western as a teller in 1981, she has worked her way through all phases of management, including Regional Manager and Vice President of retail Banking.

DORIS CHARLES

BUSINESS

MONEY MANAGEMENT

THE ALTERNATIVE MINIMUM TAX

The alternative minimum tax (AMT) is actually a separate tax system created by Uncle Sam to ensure that you pay your fair share of taxes. However, the AMT does not apply to everyone. The Nevada Society of CPAs offers the following guidance to help you determine whether your income is subject to the AMT.

• Who Pays the AMT?

The AMT is imposed on both corporate and noncorporate taxpayers and is triggered if it exceeds your regular income tax. Generally, the AMT applies to taxpayers who receive significant benefits from certain tax deductions and credits. You may be subject to the AMT if you have substantial deductions that are deductible for regular income tax but not deductible to AMT purposes, such as state and local income taxes, real estate taxes and personal property taxes; passive investment losses derived from oil and gas limited partnerships; donations to charity of certain appreciated property; and miscellaneous deductions. Other circumstances may also make you liable for the AMT.

To determine whether you have an AMT liability, compute your taxes under the regular tax system and under the AMT system. Then compare the two results. If your AMT is higher than your regular tax, you have AMT liability. This means you must pay your regular tax, plus the difference between your AMT and your regular tax.

• How is the AMT Computed?

The starting point in computing your AMT is determining your alternative minimum taxable income (AMTI). To arrive at your AMTI, compute your regular income and income tax. This income will then be increased or decreased by adjustments and increased by tax preferences.

Under AMT rules, you can't claim the standard deduction or the deduction for personal exemptions, so you must add these items to your taxable income.

Also, the AMT prohibits many itemized deductions allowed under the regular tax system. These include real estate and personal property taxes, state and local income taxes, and medical expenses that total less than 10 percent of your adjusted gross income. Also prohibited are miscellaneous deductions.

For AMT purposes, adjustments, are made for net passive activity losses. Additional AMT adjustments too numerous to include here, relate for example, to depreciation, incentive stock options, and mining exploration and development cost.

Once you have modified your taxable income based on AMT adjustments, the next step is to consider tax preference items. For each of these items, you must add back to your regular taxable income the "tax preference" — the difference between the amount permitted for regular tax and that permitted for the AMT. The list of tax preferences to be considered when computing your 1992 AMTI including the following:

• Appreciation on charitable donations of property;

• Tax-exempt interest from private activity bonds (bonds issued by a state or local government after August 7, 1986);

• Accelerated depreciation or amortization of property placed in service before 1987;

• Intangible drilling costs and percentage depletion (for those engaged in oil and gas industry).

• Special Exemption

Depending on your income and filing status, your AMTI may than be reduced by an exemption.

The exemption amounts are $40,000 for married individuals who file a joint return, $30,000 for single individuals, $30,000 for heads of households, and $20,000 for married individuals filing separately.

Be aware, however, that these exemptions are phased out for certain high income taxpayers.

A tax rate of 24 percent is than applied to AMTI less the applicable exemption, if any.

• Minimizing Your AMT Liability

CPAs point out that careful tax planning can help you to minimize or avoid the AMT. For example, in a year when you are likely to be subject to the AMT, you may want to postpone deductions not allowed in computing AMTI until the following year. For more information about how the AMT affects you and your tax strategy, contact your tax adviser.