

BUSINESS

MONEY

ESTATE PLANNING FOR BUSINESS OWNERS

By Terrence R. Johnson

According to the Small Business Administration, small businesses accounted for ninety-nine percent of all firms in the U.S. in 1988, many of which are family-owned. A May 7th, 1990 U.S. News & World Report article states that small businesses represent 17 percent of the 8.2 trillion dollars of wealth owned by Americans age fifty and over, an astounding 1.4 trillion dollars! Successful business owners invest a great deal of time, energy, and financial resources into their business. Unfortunately, many business owners, unable to find the time to plan their estate due to the day-to-day demands of their business, may overlook problems that can arise at death, and undo years of hard work. For many business owners, it is important to begin estate planning now.

By planning, business owners can arrange their estates so hard-earned assets go to the

people they select. A primary concern for many business owners is what will happen to their business at death. Often, the business is the largest asset in their estate. The two most common options are to let family members continue to run the business, or sell the business to a co-owner, employees of the business, or to an outside interest.

Through proper estate planning, the business owner's estate can be arranged so the most competent family members keep control of the business. Often, the business will be transferred to a son or daughter, but there is still a need to provide a fair inheritance to the spouse and other family members. Or, if the business is to be sold outside the family, a buy-sell agreement can be put in place to smooth the transfer and make sure that the family receives a fair price for the business.

Estate planning provides the and purchased power during the previous year. Because energy costs increased by more than five percent, Nevada Power is allowed to file this request after six months.

There are two factors that impact our customers' bills, the rate charged per kilowatt-hour and the customers' usage. Electricity usage in Southern Nevada is high, largely due to summer cooling requirements, according to Vice President of Customer Service Cindy Gilliam.

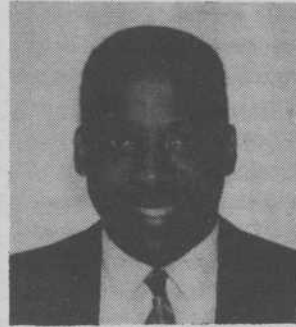
"We are here to help our customers control their electricity use as much as they possibly can," she said. "We offer free energy audits, and we have

business owner the opportunity to use tax saving techniques and to arrange the estate in a way that can reduce taxes, expenses and delays. Too few business owners consider the impact that estate taxes will have on their business. As their business grows, many take measures to reduce federal income taxes that can claim up to 34 cents of every dollar they earn. Yet, too few realize that for every dollar they save today, up to 55 cents could be taken tomorrow by the IRS if they fail to plan properly for estate taxes. Without planning, the business might have to be liquidated at a loss or forced to borrow funds to pay estate taxes. A study presented in John L. Ward's "Keeping the Family Business Healthy," showed that almost 90% of family owned businesses don't survive to the third generation; one of the main reasons, lack of sufficient capital.

Current federal taxes, which several rebate programs to help defray the costs of purchasing efficient air conditioners, sun-screens or other energy savings products."

Before Nevada Power elected to purchase energy from three local federally qualified facilities (QFs), a wide range of options were carefully evaluated by the company, and reviewed by the Public Service Commission and the Office of Consumer Advocate through the resource planning process. The QF option was deemed the most prudent, and a cost effective way to add the needed capacity to our system.

When the resource planning process was initiated in 1986, Nevada Power's rates were 5.6 cents per kilowatt-hour. Rates today are only 6 cents per kilowatt-hour and will be 6.3 cents if this rate application is approved as filed.



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depending on the size of the estate start at a 37% marginal rate and quickly rise to 55% are generally due to cash, within nine months of death. State inheritance taxes and other administrative expenses can further reduce the estate. Unfortunately, many businesses are asset rich, tied-up in receivables, plant, equipment, inventory, etc., but cash poor. Without the cash to pay estate taxes, the estate may be forced into selling the business. There are special rules that may allow the business owner's estate to spread estate tax payments over time rather than pay them in a lump sum. However, not every business owner's estate can qualify for this treatment and for those that do, these payments, including interest, can further strain a business that is struggling with the loss of its key employee. Analyzing and providing liquidity to pay estate taxes and expenses is a key element in a business owner's estate plan.

Keeping the business that you have built in future years, requires spending time on estate planning now. A thorough estate plan allows the business owner to assure a comfortable life for themselves today and their family tomorrow. To start the estate planning process, contact an insurance, tax or legal professional who specializes in estate planning for business owners.

Terrence R. Johnson, MBA, THE EQUITABLE

TRAVEL with Bates

By Sandi Bates



Visit exciting Seattle, the "Emerald City" surrounded by splendid views any way you turn. Capture the snow-capped mountains, evergreen forests or stretches of salt or fresh water. The city is flanked by the cascade range to the east, the Olympic Mountains to the west, and occupies a slender isthmus of land between puget sound, (a salt-water arm of the pacific ocean), and freshwater Lake Washington.

The space needle observation deck at 605 feet is the place to view Seattle. From here you have sweeping 360 degree views of the city and it's distant scenery; an illustrated locator will help you identify prominent landmarks, mountains and bodies of water.

The city is built on seven hills, the downtown streets provide fine views of the harbor. Even if you are a frequent traveler to Seattle, you will notice changes in the skyline nearly every time you visit.

There is a local expression you will quickly pick up that refers to the weather, it's "the mountain's out," meaning the weather is clear. At 14,410 feet, Mt. Rainier dominates the horizon to the southeast like some giant ice cream cone that turns from pink to white to peach-colored depending on whether you view it at dawn, midday or sunset.

The mountains and water are responsible for the mild climate. Winters are comparatively warm and summers cool. Seldom does the thermometer dip to freezing nor rise to more than 80 degrees. To the west the Olympic Mountains shield the soggy weather that moves in off the Pacific. Seattle averages 36 inches of rainfall annually.

Early Seattle grew up around Pioneer Square and Yesler Way. The disastrous fire of 1889 burned most of it to the ground, but the city soon rebuilt on an elevated level above the old streets. Many of the handsome old brick and sandstone buildings have been preserved and now house professional offices, shops, restaurants which make up the historic district, "Pioneer Square."

In 1897 the steamer Portland tied up on the Seattle waterfront and landed a ton of gold from Canada's newly discovered gold fields. Within weeks the city had become a boon town, transportation gateway.

This is the foundation that made Seattle a prosperous metropolis, the primary gateway to the Orient, North Pacific and Alaska.

Hop aboard the Monorail, the most visible legacy of the 1962 world's fair. The Seattle center is 74 acres of the former fair site and has become the city's cultural heart. The center is delightful and uplifting in any season especially from April through October, when the tree shaded landscape grounds are bright with blossoms.

Three major events mark the summer season at the center. The northwest folklife festival, held on memorial day weekend, is one of the largest of its kind in the nation. The festival attracts musicians and artists who perform on 15 stages simultaneously to audiences of more than 100,000. In mid-July several dozen of the city's best restaurants prepare their culinary specialties for the public in a large food fair called erupts with the Seattle arts festival including: more than 400 performances in music, dance, theater, comedy, visual arts and literary arts.

Seattle is more than a venue for celebrations on the green. The city's opera house, playhouse, coliseum, Bagley Wright Theater, arena and exhibition hall are home to Seattle's major performing arts

(See Travel with Bates, Page 7)

NEVADA POWER FILES REQUESTS TO RECOVER ENERGY COSTS

Nevada Power Company recently filed a request with the Public Service Commission of Nevada to recover energy costs of \$29.7 million. This deferred energy rate request reflects costs for fuel and purchased power that have already been incurred and does not increase the company's profits.

The purchase of additional power is due largely to the need to supply electricity to a growing customer base. The request represents a 5.1 percent increase in revenues.

The company is required by state law to file deferred energy cases at least annually to reflect the money actually spent for fuel



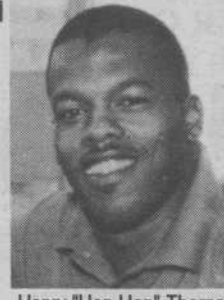
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