

MONEY MANAGEMENT

Get The Facts About Your Social Security Benefits

Although most workers contribute a part of their earnings into the Social Security system, many have misperceptions about their eligibility to receive certain benefits. The Nevada Society of CPAs provides the following overview of Social Security benefits along with information on how the new tax law effects those benefits.

HOW TO EARN YOUR SOCIAL SECURITY BENEFITS

During your years of employment, you and your employer pay a fixed percentage of your salary into the Social Security system. If you are self-employed, a fixed percentage of your net self-employment income also goes toward Social Security.

When you retire, Social

Security sends you monthly retirement income as long as you are "fully insured." Generally speaking, you are "fully insured" if you have worked 40 calendar quarters (about 10 years) in a job covered by Social Security. Once you begin to collect benefits, your spouse can also receive benefits based on your earnings record, even if he or she never worked in a job covered by Social Security.

The amount of your Social Security benefit is based on your date of birth, the type of benefit for which you are applying, and your average lifetime earnings. Benefit amounts are adjusted annually to reflect the increased cost of living.

The earliest you can retire and collect Social Security

benefits is age 62. However, when you retire at age 62, you collect only 80 percent of the full benefit you would be entitled to receive at normal retirement age. The 20-percent reduction compensates for the fact that you may be receiving benefits over a longer period of time. Right now, workers are entitled to receive full retirement benefits at age 65. But beginning in the year 2000, the age at which you can retire with full benefits will be raised from age 65 to age 67.

What happens if, after you retire, you decide to take a part-time job? In 1994, Social Security recipients between the ages of 65 and 69 may earn up to \$11,160 without a reduction in benefits. For every \$3 over the limit, a dollar in benefits is lost.

The earnings limitation is \$8,040 for those between the ages 62 and 64, with \$1 subcontracted for every \$2 over the limit. Once you reach age 70, you may earn any amount you want without sacrificing your benefits.

SURVIVOR BENEFITS
Part of your Social Security taxes buys survivors insurance that, in the event of your death, pays your spouse monthly benefits based on your Social Security record. Your children, parents, and in some cases, grandchildren may also be eligible if they are dependent on you for most of their support.

A surviving spouse is eligible for widow or widower's benefits at age 60 (50 if disabled), or at any age if caring for a child under 16 or a permanently disabled child. Unmarried children receive survivor benefits until they reach age 18, with an extension to age 19 if they are still attending high school full-time.

DISABILITY INSURANCE
Social Security also pays income to disabled individuals and their families. The standards for qualifying for Social Security disability benefits are stringent. According to Social Security, you are disabled if you are unable to

do any kind of gainful work for at least one year, or you have a condition that is expected to result in your death. If you qualify, you must wait until the sixth month of the disability before benefits are available.

However, benefits continue until you are no longer disabled, or at age 65, whichever comes first. The disability benefit amount is based on the worker's Social Security contributions.

NEW TAX LAW AFFECTS SOCIAL SECURITY BENEFITS

As a result of the new tax law, some high-income Social Security recipients may find that a higher percentage of their 1994 Social Security benefits are subject to income tax. Under the old law, certain taxpayers had to include up to 50 percent of their

Social Security benefits in their taxable income. For some taxpayers, that figure is now raised to 85 percent. To determine if your benefits are affected by the new tax law, contact your local Social Security office or seek assistance from a CPA.

To minimize the tax bite on your benefits, you may also want to consult with a CPA for advice on deferring the recognition of income by restructuring your investments.

Money Management is a public service announcement on personal finance prepared and distributed by certified public accountants. Nevada Society of Certified Public Accountants, 5250 Neil Road, Suite 205, Reno, NV 89502.

Minneapolis Businesses Look To Prosper During NAACP Convention

When NAACP convention-goers descended upon Minneapolis last week, Gladys McMillan was waiting to greet them with extra ribs, okra and enough sweet-potato pie to feed dozens of people.

Gladys' Southern Cooking and Catering is a ten-minute drive from the Minneapolis Convention Center, where the National Association for the Advancement of Colored People will gather to assess its future. McMillan is hoping to sell at least \$6,000 worth of fried chicken and other home-style food to convention participants.

If she succeeds, she'll make more than she does during a good week at her restaurant, when she sells about \$4,000 worth of meals.

"It means a heck of a lot," she said of the NAACP's presence in the Twin Cities. "I had no idea the convention would come to Minneapolis. Minority people are so small in number, I wasn't sure they could support a convention."

The 86th annual convention was expected to draw 15,000 people to the Twin Cities and pump about \$10 million into the local economy, say the organization's officials. It also is an opportunity for African-Americans people to show business owners how much purchasing power they have.

NAACP officials say there's no way to tell how much of that money will be funneled directly into the Twin Cities African-American community, but the convention's co-chairman said the spending

probably won't make a big dent.

"As a whole, economically, it won't have a heck of a lot of impact. We don't have a heck of a lot of African-Americans in business here," said Matthew Little. "The big winners are going to be the hotels and the downtown establishments."

Nevertheless, the NAACP plans to track the spending via \$2 bills and Susan B. Anthony dollar coins, which convention-goers are encouraged to use instead of more common change and dollars. Convention delegates also will be given discounts and locations for various African-American businesses such as supper clubs and stores that sell African-style clothing.

But participants won't have to leave the convention center to spend their money. Twenty-five minority-owned businesses are scheduled to participate in a vendor's fair, selling everything from photographs to beadwork.

"There's a lot of growth here we'll be proud to show the whole country," said Bill Davis, head of the Minneapolis chapter of the NAACP. "Minneapolis is one of those places people are starting to find out about."

The convention ranks among the top 20 in terms of size, says Greg Ortale, president of the Greater Minneapolis Convention and Visitors Bureau. But unlike other major-sized events, such

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