MONEY MANAGEMENT

GIVE YOURSELF A FINANCIAL FITNESS CHECKUP

Are you financially prepared to deal with a sudden drop in income or an unanticipated large expense? Do you have adequate homeowners insurance? Are you overpaying your taxes? If you are unsure of the answers to these questions, the Nevada Society of CPAs recommends that you give yourself a financial fitness checkup. Here's what you need to look at:

SAVINGS STRATEGY - No matter how large or small your income, it's vital to get into the savings habit. How much you save depends on your own circumstances, including your age, income, current expenses, and goals. CPAs recommend that the average person save 7 percent of their pre-tax income when starting to save at age 25; 10 percent at age 35; 18 percent at age 45; and 35 percent if saving begins at age 55.

If you're not saving regularly — or lack the discipline to do so — consider joining an employer-sponsored savings program in which the company directly deposits a portion of your paycheck into a savings account or another savings vehicle.

INVESTMENT VEHICLES — If all of your savings are sitting in your neighborhood bank, it's time to make some withdrawals. Diversify your investments among those that offer long-term growth and security, such as stocks and bonds, and short-term savings vehicles, such as Certificates of Deposit and money market funds.

EMERGENCY FUND — To be prepared for a possible emergency, keep at least three months of household expenses in liquid accounts — those that enable you to easily withdraw cash without risk of losing the principal. However, if you live in a one-income household with children or if you are older, it's best to set aside enough cash to cover six to 12 months of living expenses.

TOTAL DEBT — Generally, your monthly installment credit payments should not exceed 20 percent of your monthly take-home pay. This includes automobile loans, credit card debt, installment loans, personal loans, and students loans. It does not, however, include first mortgages. If your debt is near or over 20 percent, curb your spending and pay off your credit balances. One alternative may be to consolidate your debt by taking out a home-equity loan. In many cases, you'll pay a lower interest rate and can deduct interest you pay on the loan.

CREDIT CARDS — One way to control your debt is to control or eliminate your use of credit cards. While credit cards make it easy to purchase items, they are among the most expensive ways to borrow money. Keep in mind one or two credit cards and limit your use of them. Make sure that your card has a low interest rate, no annual fee, and offers a grace period before interest charges are assessed.

HOMEOWNER'S INSURANCE — Although a home is typically an individual's largest asset, many of us don't protect that asset by making sure our homeowner's policy is up to date. If your home has recently been renovated or your property's value has increased, it is especially important to check your coverage. It's best to ensure that you have coverage for 100 percent o the replacement cost of your home. If you have less coverage, you'll have to pick up some of the cost of any damage done to your home and possessions.

DISABILITY INSURANCE — Disability insurance provides you with income in the event you cannot work. The amount of coverage you need should be based on the number of dependents you have and whether you are the sole income earner in your household. For most middle-income earners, 60 to 70 percent of current salary is an appropriate level of disability coverage.

WITHHOLDING AND ESTIMATED TAXES — Make sure you are having an appropriate amount of taxes withheld from your paycheck. If you consistently receive a big refund when you file your returns, you're overpaying Uncle Sam and should alter your withholding. CPAs point out that in most instances you must pay at least 90 percent of your tax liability in quarterly installments or risk incurring a penalty.

Finally, CPAs recommend that as part of your financial checkup, you give yourself a tax checkup. You still have time to implement strategies that can help you take advantage of tax deductions and minimize your 1994 tax liability.

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, Nevada 89502.

RAISING THE MINIMUM WAGE HOLDS PROMISE FOR MASSES OF WORKERS

PART TWO

The effect of a raise, according to Humphreys, will be postponed until the next recession, especially the low-end jobs, jobs in food service and temporary retail jobs.

"Maybe fewer students will be hired," he said. "Rapid entry, rapid exit type of jobs will be affected."

As it stands now, minimum wage workers, especially those with children, are often pushed into poverty.

Minimum wage translates into $8,840 a year for full-time work, a staggering $7,367 below the poverty level for a family of four.

Nationwide, 12 percent of all households fall below the poverty line. In Muscogee County, 14.9 percent of all families and 22.6 percent of families with children under 18 don't even make poverty level incomes.

"Families where the main breadwinner is making $5 or $6 an hour - these are the people who are really hurting," says Gary Burtless, a labor economist at the Brookings Institution. This largely forgotten group also helps account for a 44.3 percent jump in the number of working poor between 1979 to 1992.

According to the Washington-based Economic Policy Institute, 28 percent of adult workers are at wage levels too low to keep a family of four out of poverty, compared with 21 percent in 1979.

In Columbus: butchers and meat cutters start out at $5.60 hour. Bakers and pastry makers earn $4.40, funeral attendants $4.81, animal caretakers $4.25, restaurant cooks $4.25, and child care workers $4.50 an hour. The average weekly wage in Columbus for all workers- blue and white collar alike - is $405. This is the lowest for all cities in Georgia except Chattanooga.

The problem with minimum wage jobs, in many cases, is that they are not full-time and do not provide benefits, said Kittye Crockett, executive director of the Muscogee County Department of Family and Children Services.

A McDonald's cashier who didn't want to give her name said she can only get 15 hours of work a week. She has apartment rent to pay. She has a 4-year-old daughter she is raising alone. Friends help with baby-sitting.

Many fast-food workers are students; 60 percent of McDonald's workers are teens. Often, they are saving money for their future.

For the past three years, Danny Lewis, 19, has worked at McDonald's for spending money and college while living at home. His hourly wage has only increased 50 cents since he started, he said.

"If I lived on my own, I couldn't survive," Lewis said. Even if the minimum wage is raised, a sizable chunk of the work force will still remain in poverty - $5.15 an hour comes to less than $11,000 a year.

Pezold suggested eliminating the minimum wage *(See Minimum Wage, Page 21)*