

# BUSINESS

## FINANCIAL REPORT

### MUNI BOND MARKET STILL STRONG DESPITE TAX REFORM TALK

By Fred T. Snyder

The word has spread from capitol hill that there have been discussions about tax reform. Among these discussions is a flat-tax plan, originated from Rep. Richard Arney (R-Texas), that proposes that all earned income be taxed at a flat rate. The plan would also make all interest and dividend income nontaxable. So if you're a municipal bond investor, this news may cause you some concern. However, you shouldn't base your investment decisions on speculation of radical tax reform. Instead, you should concentrate on the strong fundamentals of the municipal bond market.

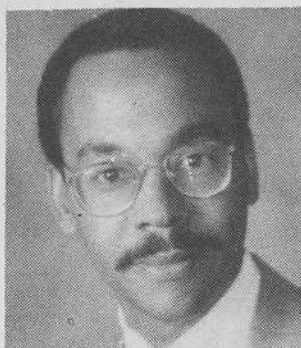
Municipal bonds still provide one of the best available sources of tax-free income. According to "Muniview," this market is \$1.3 trillion strong and 70% controlled by individual investors such as yourself.

Several other members of congress also have created their own tax-reform plans that are currently being debated, some of which potentially would not impact municipal bonds current status. Included in the other tax-reform ideas is a value added tax, which would levy taxes on all goods at each stage of production, so your taxes would be included in the good's final price. There is also a national sales-tax proposal, which would eliminate all income tax and shift all taxation onto retail items purchased, much like a state sales tax. And yet another plan, called the "USA Tax," taxes you only on what you spend and encourages savings and investments. Although these plans have gained a lot of attention recently, various experts believe that any of these tax-reform plans probably would not even reach a final form until at least 1997, thus keeping the municipal bond market unaffected by potential tax reform for at least a couple of years.

Municipal bonds are sold by

cities, states, municipalities, revenue districts and principal project authorities for the purpose of constructing or repairing schools, roads, sewers, hospitals, etc. They appeal to investors mostly because their income is free from federal, and in some cases, state and local taxes and the alternative minimum tax. The proceeds from municipal bonds help fund projects in the areas in which they are issued. So if you're a local investor, you can feel confident that your money is working directly for the benefit of your community.

For investors not so concerned about tax reform's effects on municipal bonds, long-term municipal bond yields currently offer the highest relative value seen in more than a year, when compared to the yields of treasury securities. But if you still feel uncertain about the tax-reform talk, you can still position your portfolio defensively by investing in municipal bonds with



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shorter maturities.

Despite the tax-reform debate, municipal bonds continue to provide relief to investors in high-income tax brackets, so don't let the media's recent hype about tax-reform plans frighten you from this market.

But before making any decisions on municipal bonds, you should consult a professional investment broker to see if these bonds provide a proper balance to your portfolio and effectively match your risk tolerance and tax situation.

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### Study: Job Stress Doesn't Equal Heart Attack Risk

SAN FRANCISCO—Contrary to popular belief, stress at work does not seem to be an important factor in increasing the risk of heart attacks, researchers said Tuesday.

A four-year study of 1,489 people found that coronary disease is just as common in patients with low levels of job strain as it is in patients with high levels of job stress. A group of researchers studied patients tested for heart disease at Duke University Medical Center in Durham, N.C., between March 1986 and June 1990.

Patients who agreed to participate filled out questionnaires that assessed their job duties and work environment, including a measure of job strain, defined as high psychological demands from work but little ability to control the pace or amount of work on the job.

The results of the study were published in the latest issue of the American Heart Association's journal "Circulation".

The study found that patients with low job strain were just as likely as patients with high job strain to have heart attacks or die from heart disease over the four years after the test.

The researchers said their study suggested that job strain was not an important risk factor in heart attacks.

"People who are able to keep working may benefit from the social contacts at work, even if they have a high-strain job," said Redford Williams, director of behavioral research at Duke University and a co-author of the study. Several studies have shown that coronary patients who are socially isolated have a much higher death rate, he said.

Mark Hlatky, an associate professor at Stanford University School of Medicine and principal author of the study, said that stress from a person's job is only a fraction of the overall stress of daily life.

But the researchers also noted the difficulty of measuring stress. "The same job conditions, for instance, may be viewed by one person as challenging and by another person as stressful," they wrote in the article.

### Managing Your Credit: What You Should Know

(NAPS)—Few would argue that credit cards have become a large part of American life. And with so many solicitations in mailboxes, people may think credit cards are easy to get. The truth is, it takes a fair amount of planning and care to establish and keep a good credit record, according to the Optima Credit Card division of American Express.

For starters, make sure you provide a verifiable address on a credit application. Some credit card issuers do not give cards to an applicant using a post office box or general delivery address. And, if you have credit now, always pay at least the minimum payment on time, and avoid major blemishes on your credit report such as a bankruptcy, a non-payment turned over to a collection agency, a repossession, or a 90-day delinquency on a bill.

If you're thinking of getting your first credit card or switching to another, don't "over apply."

"What many people don't know is that too many requests for credit can hurt them," said Brian Kleinberg, senior vice president of American Express' Optima credit card division, "so avoid applying for too many credit cards or loans in a short period of time." Financial institutions differ, but a good rule of thumb is not to have more than one or two credit card applications pending at one time. Also, make sure there are no more than 6-12 inquiries on your credit record for a six-month period. Lenders are suspicious when they see too many requests for credit. They think the applicant is desperate for credit because he or she can't get any.

#### TIPS FOR MANAGING CREDIT

- ✓ Pay all bills on time.
- ✓ Don't "over apply."
- ✓ Get a copy of your credit report. <sup>®</sup>

As always, don't go overboard with credit. Manage all of your loans so you do not use any more than 90 percent of your available credit lines. Creditors look at the ratio of your required payments to your income, and most prefer mortgage costs to be less than 28 percent of income and non-mortgage debt payments to be no more than 12-15 percent of income.

If you are married, consider having some cards in your name and some in your spouse's name, so that each of you establishes an independent credit history. This is particularly important for women who enter or reenter the workforce later in life. Many widowed or divorced women find out at the worst possible times that they cannot qualify for a credit card or a loan, because they do not have a credit history.

Smart consumers know what credit bureaus are saying about them. Get a copy of your credit report at least every year or two. If you have been denied credit you are entitled to a free credit report within 60 days.

Credit cards and bank loans can make life easier and expand your buying power. With a little care you can become credit worthy and stay that way.

## BANK OF AMERICA DONATES OVER \$10,000 IN SCHOOL SUPPLIES TO THE CLARK COUNTY SCHOOL DISTRICT

The Clark County School District has received an early holiday gift from Bank of America Nevada. The bank recently announced that it has donated in excess of \$10,000 in school supplies and equipment to the Clark County School District, the 10th largest school district in the nation.

The supplies include rulers, scissors, staplers, tape dispensers, binders, paper clips, hanging files, markers and highlighters, Dictaphones, garbage cans and more.

"We are very appreciative of Bank of America's generosity in providing the school district with much needed supplies and equipment," said Dr. Brian Cram, superintendent of the Clark County School District. "The phenomenal growth of Las Vegas over the the last several years has made it increasingly difficult for the district to provide each school with adequate supplies."

Cram added that with

continued cutbacks from the state and federal levels, support from the private sector becomes even that much more important to health and well-being of educational system in this country.

"Supporting our schools has always been and will continue to be a focus point of the bank's community outreach efforts in Nevada," said BofA Chairman and CEO Richard A. Etter. "We see this support for education as an investment in our future. If we want well-trained and properly educated community and business leaders of tomorrow then the private sector needs to become more involved in today's education process."

The Clark County School District recently recognized BofA for a decade of support for educational programs. The school district cited the bank for its Co-op Scholarship program, which awards high school students with part-time jobs and scholarships. The bank has

funded about \$50,000 in scholarships since the program began in 1987.

Additionally, the district noted several other BofA-sponsored programs, including Choices and Decisions, which provides high schools with computer interactive software that teaches personal financial management, and Save for America, which helps elementary school children learn to save money by opening savings accounts.

Last year, BofA Nevada contributed more than \$500,000 to community organizations and nonprofit groups throughout the state, with approximately one-third of the money going towards education.

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