BUSINESS

Perspectives on Estate and Financial Planning

For many people, the year-end holidays and start of a new year mark a time of giving to family, friends, and associates. This year, while you're in the spirit, you may want to consider extending your gift-giving to charity as well. The tax law encourages charitable giving by allowing income, gift, and estate-tax deductions for donations to charitable organizations.

Income-tax Advantages

As a general rule, you may claim a federal income-tax deduction for gifts to public charities (churches, nonprofit colleges, hospitals, etc.) of up to 50% of your adjusted gross income (AGI). You may carry over excess contributions and deduct them for up to five years. Certain contributions, such as securities, personal property, and real estate may be subject to special limits that depend on the specific contribution and the organization receiving it.

You may claim current income-tax deductions for both present and deferred gifts. However, for a deferred gift to be deductible for federal income-tax purposes, you must make it through a charitable trust that meets strict IRS requirements. If all tax law requirements are met, you may claim an income-tax deduction for the present value of the deferred gift you make to charity in the year you establish the charitable trust.

Charitable Trusts

You may create either a charitable remainder trust or a charitable lead trust to make your gift. With a charitable remainder trust, you transfer property to an irrevocable trust set up for the charity of your choice. The trust pays you, you and your spouse, or another non-charitable beneficiary you've chosen an income for life or for a set period of years. This income must be a set percentage (at least 5%) of either the initial fair market value of the trust property or the fair market value of the property determined annually. When the trust ends, the trust property is transferred to the charity.

If you make regular gifts to a particular charity, a charitable lead trust may be an advantageous way to make those gifts. With a charitable lead trust, you transfer income-producing property to the trust and name a charity as the trust's income beneficiary.

You choose how long the trust will operate. While the trust is in effect, it makes annual payments to the charity of a percentage of either the initial fair market value of the trust property or the fair market value determined annually. The value of these payments is your charitable gift. When the trust ends, the trust property can be returned to you or pass to a non-charitable beneficiary, such as your children or grandchildren.

Estate-tax Advantages

Making charitable gifts during your lifetime, either outright or in a charitable trust, can help reduce estate taxes by removing the value of the gift property — plus any appreciation in that property after you make the gift — from your estate for estate-tax purposes. Charitable gifts made in your Will reduce estate taxes as well. Your estate may claim an estate-tax deduction for the value of any qualifying charitable gift made in your Will.

Real Estate Perspective

By Loretta Arrington Hall

SECTION 8 TENANTS, BENEFITS & DRAWBACKS

Recently, a friend and small investor who owns several rental properties in our community expressed some concerns relative to renting to Section 8 tenants.

He stated that when he advertised a vacancy, prospective tenants often phoned to ask if he accepts Section 8 tenants and he said he would always say no, because of his lack of understanding of Section 8 tenants and the program.

I explained to him that in my opinion, perhaps he's missing out on a good deal, because not all Section 8 tenants are "bad tenants," although, like anywhere else, you will have your "very bad apples," or in this case, very bad tenants.

The U.S. Department of Housing and Urban Development (HUD) offers a rent-subsidy program to low-income renters. This plan is administered by the local housing authority in most cities and counties. Everyone calls these subsidies "Section 8" because that is the part of the federal housing law authorizing this program. Each Section 8 tenant pays one-third of their income for rent and the federal government pays the balance.

I know of many landlords who have over the years rented their properties to Section 8 tenants. I was told most of the Section 8 tenants are very good residents. But a few have been horrible tenants. For example, one of the landlords had to evict a Section 8 tenant who refused to pay her $56.00 share of the monthly rent. She left the home in awful condition, but the housing authority paid for most of the repairs. The landlord was amazed that the same "awful" tenant was given another Section 8 home where she moved in the very next day after being evicted by the sheriff and not paying her share of the rent. This would be a definite drawback.

However, on to the benefits. Many of the Section 8 tenants are "star tenants." They pay their share of the rent a week in advance each month and keep the property in tip top shape. A major benefit of Section 8 is the local housing authority pays its share of the rent on the first day of each month without fail.

During casual conversation with landlords, I have learned that many of their policies are to accept Section 8 applicants who are qualified and have a good "tenant history." However, a large percentage of property owners say they would not go out of their way to seek a Section 8 applicant because of poor tenant history.

As always, please contact a Licensed Real Estate Professional for all your real estate needs, or contact me, Loretta Arrington Hall, c/o REAL ESTATE PERSPECTIVE, Las Vegas Sentinel-Voice, 900 East Charleston Boulevard, Las Vegas, Nevada 89104. Telephone, (702) 457-4623 — Fax, (702) 457-0114.

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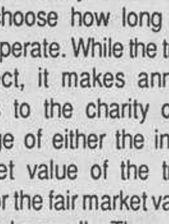

Focus on growth in the west, core businesses, positions U.S. Bancorp for more success in '96

PORTLAND, Ore. — A year ago, U.S. Bancorp Chairman and CEO Gerry B. Cameron predicted that 1995 would be the year U.S. Bancorp would start reaping the benefits of its 1994 restructuring. Cameron was right on target. U.S. Bancorp closed 1995 on a high note with significantly improved core performance, a dramatically lower overhead ratio and a stronger franchise in its northwest geographic region — a result, in part, of its acquisition of Boise-based West One Bancorp.

U.S. Bancorp recently announced that strong loan growth and disciplined expense control drove a 29 percent increase in 1995 net income. Net income of $329 million, or $2.09 per share, in 1995 exceeded 1994 net income of $255 million, or $1.60 per share.

"U.S. Bancorp realized impressive improvement in operating efficiency, good loan growth and excellent credit quality in 1995," Cameron said. "We are enormously proud of our employees' hard work and their continued dedication to providing superior service to our customers and enhanced value for our shareholders. During 1995, their teamwork brought significantly improved operating results and strengthened our financial services franchise."

When the company reported its third quarter statistics last fall, accomplishments included record earnings and attaining its 59 percent efficiency ratio goal well ahead of schedule. The U.S. Bancorp management team is now focused on moving that ratio even lower, and enhancing revenues, as they continue to streamline operations and focus on core businesses. Over the past two years U.S. Bancorp management has paid unrelenting attention to improving the core performance of the company, a strategy that is paying off. In a statistical review of third quarter 1995 bank performance, prepared by Donaldson, Lufkin and Jenrette Securities Corp., U.S. Bancorp was rated ninth among 65 large banks across the nation, based on performance in six key areas: profitability, capital strength, asset quality, earnings growth, expense management and net interest margins. This compares to a ranking of 64th in first quarter 1994.

Fourth quarter 1995 net income before the merger and integration costs totaled $109.5 million, compared to $93.2 million in 1994. As reported fourth quarter 1995 net income was $21.4 million. Operating income (income before the provision for credit losses, other real estate owned transactions, items determined by management to be noncore or nonrecurring, and income taxes) grew 9 percent between periods, from $163.0 million to $177.8 million.

"We've focused our energy on bringing U.S. Bancorp back to its historic performance levels," Cameron said. "Our management team is doing a good job of running our business, and it is reflected in more satisfied customers, greater shareholder value and stronger market position."

U.S. Bancorp's stock price has increased 49 percent from year-end 1994 to year-end 1995. Now the company heads into 1996 with an expanded market area in the fastest-growing region of the country.

"As 1996 unfolds, we look forward to continuing to build the value of our business," added Cameron. "Our region has enjoyed strong economic trends in 1995, and we expect the overall economic performance of the region to continue to outperform the nation throughout 1996."