BUSINESS

Give yourself the credit you deserve

(NAPS)—How many credit cards do you have? Four, five...a dozen? Now take count of the number you actually use. If you're like most people, that's fewer than you think. The others are probably stuck in the back of your wallet, or hidden at home for temptation-free keeping and, in time, forgotten.

Credit bureaus never forget. They maintain records on you that other companies rely on to determine your creditworthiness. With too many idle credit cards lying around (each with its own allowable credit) you could be "maxing out" your total credit limit without spending a dime.

Unfortunately, you may not find out you're considered a bad credit risk until you apply for a loan or another credit card and your request is denied. American Express recommends the following simple steps to becoming a credit-savvy consumer.

1. Keep only the cards you actually use. How many cards are too many? That depends on your lifestyle and spending habits.

A good rule of thumb is to keep only the cards that you use on a regular basis. But don't just discard the others. Write each credit card company first to officially cancel your accounts, then cut up the cards and throw them away.

Consolidating your spending on just a few cards may help you qualify for more credit, and can also help you get the most out of rewards programs. Card rewards can help you earn points toward everything from frequent flyer miles to a new stereo, a dream vacation and more.

2. Know your credit history. Don't wait until you've been turned down for a loan to find out if your credit is in good standing. American Express suggests you request a copy of your credit report from the three major credit bureaus every year or two. You may be charged a nominal fee, but it's worth it. And if you've been denied credit, you're entitled to a free credit report within 60 days.

3. If you're married, give yourself credit. Not because you've made it to the altar, but because it's vital to maintain an independent credit history. If you hold joint accounts with your spouse, keep at least one card in your own name. Women who enter divorce or widowhood without a shred of personal credit are adding unnecessarily to their burdens.

4. Think "cents" and sensibility. It makes good sense to apply for only the credit you need. Also, keep the number of inquiries on your credit record down to six during a six-month period. Lenders may think you're in over your head if you request too much credit at one time.

"Also, once you've established credit, try to always pay more than the minimum. Otherwise, you'll get nowhere in terms of paying off your balance," advises Al Kelly, Jr., General Manager at American Express. "It's also best to pay on time. Too many late payments taint an otherwise impeccable record."

5. If times are tough, let your credit card company know. Even the most credit-aware consumers have trouble paying their bills from time to time. If so, your best bet is to call your credit card company to let them know what's going on. They may be willing to work out a payment plan with you.

Consumers are a lot smarter these days about their credit cards. They're following these five easy steps, and reading each new credit card agreement to understand the terms on fees and grace periods.

A final reminder: consolidate, consolidate, consolidate! Becoming a credit-savvy consumer begins with limiting your spending to only those cards that you use most often. Following this advice helps establish you as a good customer, and can help you get better interest rates and rewards.

MONEY MANAGEMENT

Annuities: an investment alternative for retirement

RENO — When you think about retirement planning, most likely Individual Retirement Accounts (IRAs) and 401 (k) plans come to mind. But do you ever think of annuities? They, too, can increase your income for retirement and reduce your taxes along the way. Earnings on annuities accumulate tax-deferred until the time of withdrawal. However, unlike IRAs, 401 (k)s, and other retirement vehicles, there are no limits on how much you can contribute. As a result, you can build a sizable retirement nest egg while sheltering your income.

The Nevada Society of CPAs says it is important to understand the various types of annuities on the market today to determine if and how they fit into your retirement investment portfolio and to identify the risks that may be involved.

Basically, an annuity is an interest-bearing contract, typically issued by an insurance company to help you save for and fund your retirement. You can also buy an annuity from banks, mutual fund companies, stockbrokers, and others who have teamed up with insurers to market their own products. Like other retirement plans, you generally cannot withdraw the money without penalty until you reach age 59 1/2.

IMMEDIATE AND DEFERRED ANNUITIES

When you're looking to buy an annuity, you have several options in terms of time of payout and interest rates. For example, you can purchase an immediate or deferred annuity. Immediate annuities typically are purchased with a one-time deposit — called a single premium — generally with a minimum of $10,000. Payouts begin as soon as you've paid the premium. On the other hand, deferred annuities start payouts at a specific future date.

FIXED AND VARIABLE ANNUITIES

You also have the option of investing in a fixed-rate or variable annuity, depending on your income needs and willingness to take risks. With a fixed-rate annuity, you lock in on the current interest rate and are guaranteed specific payments for the rest of your life. A benefit of purchasing a fixed annuity is that the sponsor guarantees to return your principal. This is not the case with variable plans.

With a variable annuity, you can choose from several investment alternatives, including stock, bond, and money-market mutual funds. You also have the option of moving your invested money around in the mutual fund family without triggering any taxes. However, your investment will be subject to market fluctuations, which could result in your losing money. What's more, since annuities and insurance products are not insured by the Federal Deposit Insurance Corporation (FDIC), you also risk losing your principal if the issuing insurance company is unable to meet its obligations.

Be aware, too, that various management fees can bite into profits generated from your variable annuity. Typically, you'll pay about 2 percent a year, plus $30-$50 in annual "contract charges" to the sponsor of the fund. It's important to consider these fees when estimating the return on your investment.

PAYOUT OPTIONS

The amount of your annuity payments will vary depending on the payout option you select. For example, your payments will be higher if you choose a single-life (also called "straight life") annuity. These provide payments, based on your age,

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BUSINESS BRIEFS

GOVERNOR WORKING ON STATE EMPLOYEE UNION RIGHTS

CARSON CITY — Gov. Bob Miller, working with the Service Employees International Union, says he hopes to develop procedures that will give state employee unions a greater say in settling labor disputes. Miller added this week that if employee unions can agree on legislation, he may take the next step and sign a bill which would give collective bargaining rights to the unions, including those on wage and salary matters. Nevada state government employs roughly 13,000 workers, about half of whom are union members. State law forbids the workers from striking. Thus far, 26 states have given collective bargaining rights to state employees.

PRUDENTIAL TO PAY FINE

NEWARK, N.J. — Prudential Insurance Co. will pay a record more than $20 million fine and repay policyholders millions more to settle allegations it "churned" customers' accounts. John Calagna, spokesman for the New York Department of Insurance wouldn't say exactly how much the nation's largest insurer would be fined. For a year, a task force has been investigating allegations that agents from the Newark-based company persuaded customers to use the built-in cash value of older life insurance policies to finance new, more expensive policies. Regulators contend the agents took advantage of thousands of customers who were ill-informed or deceived about the cost of the transaction and the extent to which it harms the older policy.

UNEMPLOYMENT AT SIX YEAR LOW

NEW YORK — U.S. civilian payroll jobs soared a seasonally adjusted 239,000 in June, the Labor Department said last week, boosted by gains in service-producing jobs — particularly in the retail sector. Labor also reported that the unemployment rate plunged in June to 5.3 percent from 5.6 percent in May, making it the lowest it's been since June 1990. Labor also said the retail, business- and health-service jobs accounted for two-thirds of the increase in June payroll employment. The strength seen in the June employment report raises the chances of a Federal Reserve tightening before the next Aug. 20 policy meeting analysts say. News of the June report caused stock prices to drop sharply last Friday, as it stirred investors' fears about inflation and sent inflation rates soaring.

CANADIAN COMPANY SIGNS $400 MILLION DEAL IN CUBA

TORONTO — Amid U.S. efforts to curb investment in Cuba, a Canadian executive confirmed Friday that his company has signed a $400 million deal to build 11 resort hotels on the communist-ruled island.

Signed in Havana this week, the deal is one of the largest foreign investments ever in Cuba's tourism industry, which Fidel Castro's government hopes to expand. The deal calls for Cuba's state-run hotel company and Wilton Properties Ltd. of Vancouver to split the $400 million cost of a 10-year program to develop 11 hotels, two golf courses and other attractions in and around Havana. About 120,000 Canadian tourists visit Cuba each year — the largest number of any nation — and dozens of Canadian firms are active there.