

BUSINESS

New jobs plentiful inside prison

THE ENTREPRENEUR'S CORNER

Use your new business to improve your credit

By Pierre A. Clark
Special to Sentinel-Voice

We all know that having good credit is critical in today's society. For an entrepreneur, having a good credit rating can make the difference between your ability to successfully establish a business or watching your concept wither and die.

How exactly is your credit worthiness determined? Three major factors are considered: (1) the assets you own; (2) the income those assets or your own work product generate (3) and the historical record of how you repay the credit extended to you.

The factors that can destroy your credit rating include: A sudden disconnection from your job (dismissal or layoff) which can cripple or destroy your ability to pay your bills in a timely manner; (2) a lack of ownership of valuable assets, which in the eyes of a lender impairs your capacity to borrow money using those assets as collateral; (3) the absence of a history of paying off big-ticket credit items (a car or a home) which cripples your ability to qualify for higher amounts of credit.

Because it's essential that

we learn how to play the credit game, I'm going to reveal here one of the best ways to improve your credit rating: Start a successful small business. Indeed, for African-Americans, Asians, and Hispanics, starting a successful small business is the one way to create and own a vehicle that is a valuable asset and generates high, consistent income. As we'll show, you can then use this successful small business to dramatically improve your credit rating.

Through your business, you can generate higher levels of income for two reasons: (1) the salary you can set for yourself as owner of the business; and (2) the ability to deduct business expenses from your gross income that will allow you to keep as net profit much more of the money you earn.

As the business becomes established (especially if you have incorporated the business) it becomes a valuable asset (just like a home), which you can list on a balance sheet or in a credit application. Here's how to use this rapidly appreciating asset to create or improve your credit:

(1) Establish your business as a corporation, with you as

president and majority or 100 percent stockholder. Then do the following: (a) Open a business bank account, (b) register your firm with Dun & Bradstreet, (c) bid for and sign a contract to sell your product or service (see our column on how to generate your first \$10,000 in business income).

(2) Update your own credit file with information about your status as an owner-employee of your new firm by

ordering copies of your credit report from TRW, Equifax, and TransUnion, the three major national credit-reporting firms.

(3) If you have unpaid or delinquent bills or write-offs on your credit file, write a letter to each creditor to negotiate either a payment plan or actual settlement and discharge of the debt.

(4) With the salary and income from your new (See Entrepreneur, Page 14)



A new business can help individuals reestablish their credit. Photo by Savoy/LVS-Voice

By George Wilson
Special to Sentinel-Voice

These days it's quite popular for President Clinton and other politicians to speak in glowing terms about moving people from welfare to employment. This wishful thinking worked its way into the landscape after the so-called welfare reform bill was passed by Congress and signed into law by the President.

I know we all function in our own little corners of the world, but for the life of me, I couldn't seem to see where all of these jobs were located. Surely the President and Congress in their collective wisdom had something in mind when they talked about jobs.

It wasn't until I happened to pick up a copy of a magazine called "In These Times" that I found out where one can find a job, regardless of training in America's fastest growing industry — the corrections business.

There are no shortage of workers in the prison industry. According to a report recently

released by the Washington-based Sentencing Project, over 50 percent of the nation's jail cells are occupied by African-Americans. When one listens to the rhetoric that is casually thrown about on Capitol Hill, it seems quite obvious that more African-Americans will find themselves in the prison system serving time in privately-owned facilities. This move to privately-owned jails came to Washington when it was agreed that a part of the correctional system would be sold to a private concern for over \$50 million.

According to the article, several dozen companies are now in the business of building and operating prisons. Among them are the Wackenhut Correction Corporation (which even made the prestigious Forbes list as one of the nation's "200 best small companies" because of its impressive growth) and the Correction Corporation of America. But, what does all of this have to do with jobs? The quick answer is (See Jobs, Page 14)

Dollars & Sense

By Byron Elson

For many people, the approach of April 15 means a mad scramble to gather receipts, bank records and other papers needed to prepare their tax returns. Then, with the returns safely in the mail, they store their important papers in drawers, shoe boxes and other spots — until the next tax season, when they scramble once again.

This year, why not break that habit of disorganization, and use tax time as an opportunity to permanently give order to your personal affairs? It's easier than you may think — especially if you know what is important to keep, and where to keep it.

Getting — and staying — organized begins by sorting through what for most people is an avalanche of paper. Set aside time every week to divide those papers into two piles: items needed for record-keeping or that hold interest for you, and items you do not need or want. Throw away the second pile, immediately.

Next, for the papers you are keeping, create an appropriate storage area that offers safety from destruction by fire. It is a tragic fact that fire damages or destroys nearly 2,000 homes every day in the U.S., and the last thing you need is to have your newly organized records reduced to ashes. In the case of papers and belongings that are valuable or irreplaceable, the best storage is in an Underwriters Laboratories (UL) classified fire-resistant storage container.

Here are guidelines for some of the most common documents you should store safely: birth and death certificates; contracts (up to 7 years after expiration date); deeds; tax records (at least 6 years); bank and credit card records (6 years); health records; mortgage, loan papers (3 years after payoff); insurance policies (4 years from expiration date); home and property inventory; marriage certificate, divorce, custody, adoption papers; passport; stock and bond certificates (4 years after sold); owner's manuals, warranties; wills.

Keep in mind that the rule of thumb for tax records is six years. However, you must keep some forms longer. Among them are Form 2119 for reporting the sale of a home, Form 8606 for non-deductible IRA contributions, and Form 942 for paying Social Security and unemployment insurance for household employees.

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