Real Estate Perspective

By Loretta Arrington Hall

Protect your purchase when buying a home

Home shoppers, have you every asked yourself, how I can best protect myself so I don't get stuck with a home with defects? There are several ways to avoid getting stuck with a defected home. When you find a house you want to buy, make your written purchase offer contingent upon your approval of (a) the seller's written disclosure of all known defects in the house and (b) a professional inspection of the house.

Your real estate agent can assist you with obtaining the seller's written disclosure statement and arranging the professional property inspection. Incidentally, be sure to accompany the inspector, so you can see any defects discovered and learn whether they are serious or superficial.

An additional protection is to insist the seller provide you with a one-year home warranty policy. This insurance pays for repairs to the plumbing, wiring, built-in appliances and furnace during the first 12 months after purchase. For an additional premium, the air conditioning, pool and roof also can be included in the warranty. Just as you can't always be certain of buying a car that won't have defects, there is no absolutely perfect technique to be sure you are not buying a house without problems. However, these methods are what I feel are the best techniques you can use to help minimize the chances of buying a lemon.

As always, please contact a professional for all your Real Estate needs or write to me c/o Real Estate Perspective, Las Vegas Sentinel Voice Newspaper, 900 East Charleston Blvd., Las Vegas, Nevada 89104.

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BUSINESS

MONEY MANAGEMENT

Personal financial plans: Mapping your fiscal future

If you think only the wealthy need personal financial plans, think again. A personal financial plan serves as a road map to your financial future by identifying your financial goals, assessing your current financial position, and providing strategies for reaching your goals. Plain and simple, it can help you make the most of your money. The Nevada Society of CPAs provides this step-by-step overview for preparing a financial plan.

SET FINANCIAL GOALS

If you were planning a long road trip, most likely you would have a destination in mind. When it comes to planning your financial future, your goals serve as your destination, pointing you in the right direction. Do you want to save for a down payment on a house or for a European vacation? Over the long term, are you planning to send your children to college or retire at 50? Be sure to put your specific short- and long-term goals in writing to help you stay on course.

Of course, like any road trip, you should anticipate that there will be stops along the way. Some might be expected, like getting married, buying a home, or having children. Others might come as a surprise — you may lose your job or become unable to work, or, on the brighter side, you could win the lottery or come into a large inheritance.

DETERMINE YOUR NET WORTH

The next step is to determine where you currently stand financially. Put together a personal balance sheet that lists your assets — that is, what you own — such as the value of your investments, retirement plan, and your home. It also should show your liabilities — or, what you owe — such as your mortgage, home equity loans and credit card balances. The difference between the total value of what you own and what you owe is your net worth.

To accomplish your goals, you need to make your net worth grow. Basically, there are four ways to increase your net worth: through money you save from your earnings; through income from your savings and investments and increases in the market value of investments; by building equity in your home; and by reducing your debt. Two financial exercises that help you build your net worth are preparing a budget and devising an investment plan.

PREPARE A BUDGET

Before preparing a budget, it's helpful to put together a cash flow statement that tracks your income and your expenses over a period of time. By analyzing your cash flow statement, you should be able to see if you spend too much in certain categories and not enough in others. Then, it's up to you to establish a budget that sets spending limits and generates income for saving toward your goals. Keep in mind that the more realistic your budget, and the more realistic you are about sticking to it, the better your chance of meeting your goals.

DEVISE AN INVESTMENT PLAN

As your assets grow, an investment strategy becomes another important element of your financial plan. Begin by investing different investment options, such as stocks, bonds, and mutual funds to determine which work best for you. As you divide your assets among different investments, be sure your allocation is consistent with your financial goals, your tolerance for risk, and your investment time frame. Also, be sure your portfolio is diversified; a sensible mix can reduce risk and improve long-term returns.

PROTECT YOUR ASSETS

Building your assets is important, but it's equally important to protect assets you have. You'll want to be sure you have adequate life, medical, disability, property loss, and personal liability insurance. And, since your needs always change, reevaluate these plans annually.

Many people seriously underestimate the value of their estates. If your net worth statement shows you're worth close to one-half million dollars, you should seriously consider the need for an estate plan. Learn how wills, living trusts, and other estate planning tools can help you save federal estate taxes.

As you prepare your personal financial plan, you may want to consult with a CPA who can also advise you on the role taxes play in your plan.

Money Management is a weekly column on personal finance prepared and distributed by the Nevada Society of Certified Public Accountants.

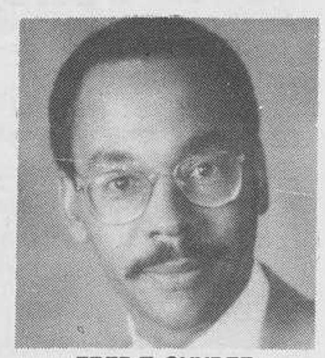
FINANCIAL REPORT

Social Security: The check is not in the mail

Attention all current and future social security recipients: The way you receive your social security checks either has been or soon will be changed. If you are eligible to begin receiving social security soon you will be requested to have these payments electronically deposited into your bank or brokerage account. Those of you already receiving social security will see this change take place in the not-too-distant future.

As of July 26, 1996, any new recipients of federal entitlement payments such as social security are required to have them directly deposited via electronic fund transfer. And by January 1, 1999, all recipients of federal payments — including social security — will have to have their payments deposited directly into a bank or brokerage account. As a side note, IRS tax refunds are exempt from these requirements: However, you can choose to have your tax refund deposited electronically if you prefer.

With direct deposit, you authorize your bank or brokerage firm to receive electronic payments from the federal government that are then credited to your account. Most types of accounts — even some IRA's — can accept direct deposits from the government.



FRED T. SNYDER

Why the new requirements? The U.S. Treasury has encouraged the direct deposit of recurring federal payments for several years, but is acting now to better ensure prompt, secure deposits of social security and other government checks. In addition to saving taxpayers millions of dollars each year, direct deposit of your social security payments can provide:

• **On time payments.** Your account is credited on a specified date each month, so

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