

# BUSINESS

## FINANCIAL REPORT

### Test your financial knowledge

By Fred Snyder

As a smart investor, you probably read a lot of financial information. But sometimes, that information doesn't provide the basic details you need to develop your long-term investing acumen. So, put on your thinking caps. It's time to take a quick pop quiz to test your financial knowledge:

1) True or False: You can determine a stock's "total return" for your portfolio by adding up the total amount of dividends paid to you while you owned the stock.

If you said "false," you are correct. A stock's total return is the combination of any dividends you receive, plus the stock's growth. "Growth" is signified by the increases in both the stock's price and its dividend payouts.

2) In the World of Investing. "Diversification" means A: The types of investors who usually purchase a particular investment; B: A variety of different types of investments in an investor's portfolio; or C: A variety of different companies that are classified as being in the same industry.

If you chose "B," you're right on the mark. Through proper diversification, you can reduce your portfolio's overall risk to any one investment's decline in price or value. Many experts, for example, believe a stock portfolio containing eight or more stocks provides an

appropriate amount of diversification.

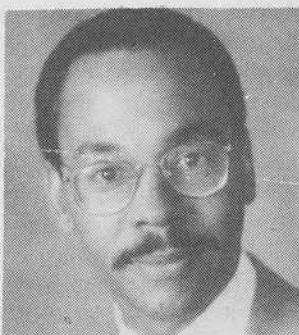
3) Yes or No. As government-issued securities, do municipal bonds and treasury securities have the same tax consequences for your portfolio?

The answer is "No," and the "issuer" is the key reason why. Municipal bonds are issued by states or municipalities and therefore are exempt from federal taxes. (In some cases, they also may be exempt from state and local taxes, though some issues may be subject to the alternative minimum tax.) Treasury securities, on the other hand, are issued by the federal government. They are exempt from state taxes but still subject to federal taxes.

4) This is a two part question. Part One: At what age are you allowed to start making withdrawals from your IRA without incurring early-withdrawal penalties? Part Two: What age are you required to start making withdrawals from your IRA?

Answer to Part One: You can make withdrawals from your IRA at almost any time, but you will typically incur a 10% IRS penalty if you make those withdrawals before age 59 1/2. Also keep in mind that your IRA withdrawals will be subject to regular income taxes, regardless of age.

As for Part Two: Because



FRED T. SNYDER

an IRA allows you the benefit of tax deferral, the government says you must start pulling out some of that money by the April after you reach 70 1/2. For example, if you reached age 70 1/2 on February 1, 1997, you have until March 31, 1998 to start making withdrawals from your IRA.

5) Finally, here's an easy Fill-in-the-blank. You should not invest in something that causes you to lose \_\_\_\_\_ at night.

Actually, there are several possible answers: Sleep, your hair, your sanity, etc. Even if an investment matches your investment objectives, you should avoid any investment that would make you feel uncomfortable owning it.

If you have additional investing questions, you may want to consult an investment professional to help you score well on your real-life financial test.

Provided by: Fred T. Snyder, Investment Broker, A.G. Edwards & Sons, Inc.

## BUSINESS EXCHANGE

### Black businesswomen's triumphs

By William Reed

A recent survey has revealed that there are eight million women-owned firms across the U.S. A stunning number of business operations that employs a greater percentage of workers than most Fortune 500 companies and generate \$2.3 trillion in annual sales. In less than 10 years — by 2005 — women will own 51 percent of all the nation's businesses. At the moment, more than 37 percent of U.S. companies are presently owned by women. Currently, one of every four American workers, 19 million people, are employed by women-owned businesses. The rate of women becoming self-employed is substantially higher than that of America's males. According to the U.S. Bureau of Census, women-owned businesses are the fastest-growing companies in America, and women of color — African-Americans, Asians and Latino — make up the largest and fastest growing segment of this group.

When it comes to taking care of business, black women have certainly stepped out front. The largest black-owned company in America, the \$2.1 billion-a-year TLC Beatrice International Holdings company, is headed by Loida Nicolas Lewis who took over the company and increased business tenfold after the death of her late husband, Reginald F. Lewis. The company that for years was the largest among Black Enterprise's Top 100

Businesses, Chicago-based Johnson Publishing Company, has a woman chief operating office, Linda Rice Johnson, 30-something daughter of founder John H. Johnson. Black women, who currently operate 300,000 firms in America, have always managed businesses. Throughout our history, some did it in the shadows of their more visible fathers, brothers or husbands. Others, like Mrs. Lewis, stepped to the fore when their mates died. Still others, such as Valerie Daniels-Carter, CEO of Milwaukee-based V&J Foods Inc. which owns 37 Burger King outlets, started their enterprises. At the turn of the century, Sarah Breedlove McWilliams (aka Madame C.



WILLIAM REED

J. Walker) transformed herself from a laundress to the first self-made black woman millionaire by setting up a distribution system to sell her hair straightening products, a process which is still being used successfully by companies such as Avon and Dudley (See Reed, Page 14)

## Dollars & Sense

By Byron Elson

Keeping good records will help you catch all legitimate deductions, and the records are indispensable in backing up your return in the event of an audit.

But your financial health may not be the only thing that improves with better records; you might also experience less stress and anxiety around tax time.

According to Dr. Stephen Sirridge, professor of psychology at Avila College in Kansas City, Mo., in any situation, the people who have the least amount of stress are the people who are the most prepared for their situation.

By contrast, the people who are the least prepared have the greatest level of avoidance. "Based on that avoidance, they procrastinate. And each time they put the task off, their anxiety goes down, but they haven't actually solved the problem because they haven't faced it," says Sirridge. "Then they hit the deadline, and because they don't have time to fix the situation, their anxiety skyrockets."

Edward Z. "Rusty" Wallower, manager of H&R Block tax research and resource development puts it another way. "If taxes are your headache, records are your aspirin."

Headaches may be a good analogy. According to Dr. Linda Moore, psychologist and author of "Release From Powerlessness: A Guide For Taking Charge Of Your Life," deadline-induced stress, like all stress, can take its toll, physically, emotionally, behaviorally and spiritually.

Physical symptoms of stress can include headaches, muscle spasms, ulcers, insomnia, mild depression, heart palpitations and skin rashes. Emotional manifestations include anxiety, sadness, weepiness and irritability. Behavioral indicators of stress may include such things as driving too fast, frequent absence from work, difficulty concentrating, indecision and withdrawing from others. According to Moore, stress can even effect people on a spiritual level through feelings of aimlessness and lack of purpose.

"The more deadlines we have, the more stress we have," says Moore. "So, naturally, the key is to plan and structure time and tasks to reduce the negative effects of those deadlines."

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