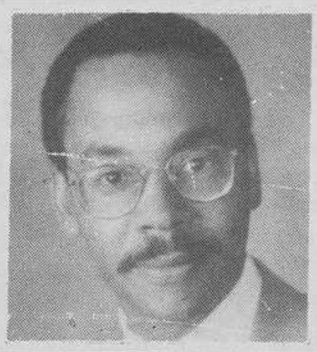
BUSINESS

Investment trusts are easy options to diversify portfolio

Special to Sentinel-Voice



Financial Report

By Fred T. Snyder

When you think about simple and cost-effective ways to diversify your investment portfolio, you probably think first about mutual funds.

While mutual funds indeed help with diversification, they aren't the only investments that help simplify this process. You can also look to unit investment trusts as an easy alternative.

A UIT is a professionally selected, diversified portfolio of bonds and/or stocks. Unlike mutual funds, in which the portfolio typically is actively managed, traded and continuously changed, UIT portfolios generally remain fixed for a predetermined period of time.

As a UIT investor, you can earn income derived from interest or dividends paid on the securities that make up the trust's portfolio. When the trust matures, the underlying securities generally are liquidated, and the principal is distributed to you. Most UITs require a minimum investment of $1,000, which represents a proportionate share in the trust's portfolio.

UITs offer several conveniences such as:

• Knowledge of portfolio's exact contents and time horizon. Once the investments for a particular UIT are selected by experienced financial professionals, they typically remain throughout the trust's existence. That way, you know up-front the trust's investment objective as well as its maturity length.

• Minimal expenses. The only expenses generally incurred are a one-time sales

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DOLLARS & SENSE

Personal exemptions, dependents, deductions can ease tax-bite crunch

By Bryon Elson
Special to Sentinel-Voice

Here are some tax tips that will make your life a bit easier at this time of year:

Calculate your personal exemptions. You can claim an exemption of $2,550 for yourself, your spouse and each dependent. But be aware that personal exemptions are phased out based on your adjusted gross income (AGI).

The phase-out thresholds for 1997 begin at $117,950 for single filers, $176,950 for married persons filing jointly, $147,450 for heads of household, and $88,475 for married persons filing separately. Your exemption amount will reduce by two percent for each $2,550 that your AGI exceeds these thresholds.

Determine whom you can claim as a dependent. Dependents generally include your children, other relatives and members of your household if you provide more than 50 percent of their support each year. Gross income and residency tests also apply. Consult your tax adviser for more details.

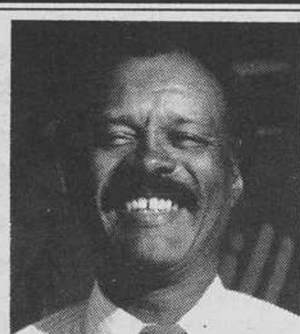
Figure out if you can file as a head of household. To qualify as head of household, you must be unmarried as of December 31, 1997, and have paid more than half the cost of maintaining a residence for your child, or a relative, who lived with you more than six months of the year. Dependent parents need not live with you in order for you to claim head of household status.

Identify miscellaneous itemized deductions. These are qualifying expenses which you may deduct if they exceed two percent of your AGI. Such items include unreimbursed employee business expenses; job-hunting expenses; costs connected with producing income; and costs for work clothes or union dues, among others.

Determine if you can deduct IRA contributions. You can deduct your IRA contribution if you and your spouse do not participate in an employer's retirement plan, or you're covered by an employer plan and your AGI is under $25,000 if single, or $40,000 if married filing jointly.

Once you satisfy requirements, you may shelter up to $2,000 if single, and up to $4,000 if married and both spouses work. If only one spouse works, you can contribute up to $2,250.

Ugly Duckling
CAR SALES
Easy In-House Financing



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Circle the correct answer.

It would,

A. break my heart to take money from the government.

B. hurt my conscience to take money from the government.

C. cause me some internal moral dilemma to take money from the government.

D. None of the above.

If you answered D., read on...

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