

# Start planning for next year's taxes this year

Special to Sentinel-Voice

One of the hardest things for many of us to learn is that tax planning should be a year-round process as opposed to a last-minute scramble. And even though you may still be sweating over your 1997 taxes, you can use 1997's return as a basis for making a difference in 1998.

Tax laws passed in 1997 — and now effective in 1998 — are designed to aid your retirement and education savings and cut your taxes, so putting off planning for 1998 until late this year could potentially cost you substantial tax savings.

Here are some tips on how you can reduce 1998's tax burden and plan for the future.

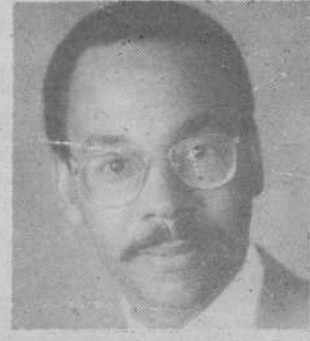
• **Tax-Deferred Savings Plans.** About the most well-known provision of the tax law passed in 1997 is the creation of the Roth IRA for 1998 and thereafter.

Eligible individuals may contribute to Roth IRA, which offers tax-free accumulation of any earnings generated by your non-deductible contributions as long as certain restrictions are met. The traditional IRA's accessibility and deductibility limits have been enhanced as well.

Now, more tax payers may be able to deduct traditional IRA contributions, even if covered by an employer-sponsored retirement plan. Plus, individuals may now withdraw funds from a traditional IRA without penalty for qualified higher education expenses or a qualified first-time home purchase (\$10,000 lifetime limit).

## Financial Report

By Fred T. Snyder



Keep in mind that income taxes will be due on the amount withdrawn.

• **Gifting Securities.** Gifting securities to children or parents in low tax brackets can be even more attractive than before with the new lower long-term capital gains tax rates also included in the 1997 tax legislation.

When the donee ultimately sells the appreciated securities, the donee may be in a lower tax bracket than you and could possibly pay as little as a 10 percent tax on long-term capital gains.

Just be sure to follow the kiddie tax rules if you are gifting to children, because, depending upon your child's age and your investment strategy, the tax consequences created can diminish

the potential value of gifting securities to your child.

• **Tax-Free Municipal Bonds.** For income investors, buying municipal bonds may be an attractive option because they continue to be the only security that offers federally and, sometimes, state and local tax-free income.

In general, the higher your total income tax burden, the greater these tax-free investments can benefit you. Remember that some municipal bonds may be subject to the alternative minimum tax.

• **Annuities.** If you are not using some or all of your investment income for current expenses, you may want to consider another tax-advantaged investment to round out your portfolio.

An annuity reinvests any earnings that are allowed to compound until you surrender the contract or withdraw a portion of your funds. You don't pay taxes on an annuity's earnings until you begin making withdrawals, usually at retirement. Any withdrawals prior to age 59-1/2 may be subject to IRS penalties and surrender charges.

Many of the new features of the tax law became effective for the 1998 tax year, and by learning about the provisions now, you may be able to reduce your 1998 tax bill.

Tax-planning is a 12-month task. By discussing your personal situation with your tax and investment professionals now, you may discover how some of the new tax provisions can save valuable tax dollars you can invest for your future.

This article was provided by A. G. Edwards & Sons, Inc., member SIPC, Fred T. Snyder investment broker.

# New report says death care industry ripping off minorities

By Kendall Wilson

Special to Sentinel-Voice

Motivated by economics, profits and the bottom line, chain store funeral companies "exploit" and take advantage of "vulnerable" people with deceptive sales practices and unfair markups, according to a recent article in U.S. News & World Report.

Minorities in particular are increasingly being hurt by major corporations in the death industry, the report continued. "We've said it all along," remarked Flemuel Brown who runs a family-owned funeral home in West Philadelphia. "But the tragedy is that many Black families have already bitten into the invitation. It is costly and it is going to get even costlier. These companies are after the profit, the bottom line. There is little or no compassion. They want their money. Most Black families simply cannot afford these rip-offs."

U.S. News & World Report's article said economics dominate the way the chain store funeral companies operate in the mainstream and it reaches the level of exploitation.

"Catholics, Hispanics, African-Americans and Asians are increasingly becoming target customers for death care providers, precisely because these groups still hold to traditional rituals and are not a part of the great shift taking place among White Protestants toward cremation and bodiless memorials," the magazine said.

The magazine reported that 21 percent of Whites now opt for what the industry scorns as

"bake and shake" (cremation), a figure expected to double by 2020. This is alarming news to the conglomerates in the death care industry, who prefer the more expensive funerals.

The late Thompson T. Terry, of another family run funeral home also in West Philadelphia and former president of the Quaker State Funeral Directors Association, warned last summer that conglomerates threaten one of the few remaining traditional Black-owned businesses and would bring more harm than good into the Black community.

Christopher Hawkins, another member of the West Philadelphia multi-generational family funeral home community, echoes Terry's warning: "They're coming, saying they can provide cheaper services," Hawkins said.

"But in the long run, will they really be cheaper? Of course not. Once they corner the market, the prices will zoom up and no one can do anything about it. They don't have the compassion of the neighborhood funeral home, which at times takes care of families who have no money. They don't give free funerals."

The U.S. News & World Report story pointed to the African-American market in particular, highlighting that they are one of the "highly desirable" markets for the death care provider because they prefer grand funerals.

The big companies are also attracted by the high mortality rates among young Blacks, many the victims of violence,



The York Casket Co., one of the country's largest death care providers, now sells a casket that can be drawn on with a magic marker. A salesman at the annual National Funeral Directors Association meeting last year said that York expects it to be a "big seller in the inner cities, for the teenage market."

U.S. News said that chain-church alliances suggest "the wave of the future."

The African-American community is well aware of the controversial arrangement orchestrated in 1995 between the National Baptist Convention USA Inc. — touted as the largest Black religious denomination in the country — and the Loewen Group of British Columbia, Canada. In the arrangement, Loewen became the convention's preferred death care provider.

The contract called for the appointment of two members of each congregation for training as "funeral counselors."

They are the people the congregation is encouraged to contact for mortuary services,

graves and tombstones. The counselors received 10 percent sales commission from

Loewen, with the pastor getting an added six percent and the convention five percent.

As proprietors of one of the oldest Black-owned businesses in America, African-American funeral directors and morticians condemned the arrangement, saying the Baptist Convention deal was a threat to the future of Black-owned funeral homes and to the Black community as well.

The Loewen deal was terminated several months ago when convention president, the Rev. Dr. Henry Lyons, came under investigation for fraud and extortion charges. Lyons

was arrested last month, but was released on bail. He maintains he is innocent of any wrongdoing.

The Funeral Service Insider Newsletter predicts that there will be more partnerships like these.

"Given the power chain-church relations have to pull market share, independent Christian funeral homes, with their long history of helping the poor, will be unable to compete ... and will sell out to chains, who do not do charity funerals," the newsletter said.

Kendall Wilson writes for the Philadelphia Tribune



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