

**BUSINESS**

# Pose these questions when dealing with merger 'stocks'

*Special to Sentinel-Voice*

Amazing as it seems, the merger trend just doesn't want to stop. And some financial experts believe 1998 will produce even more mergers than 1997, which set a record of \$900 billion in announced deals.

According to USA Today, whether you own two stocks or two dozen, you may need to prepare yourself and your portfolio for dealing with the trend.

When investing, you should always focus on your primary investment objectives. In doing so, you may want to ask yourself the following five questions when considering what to do with merger stocks:

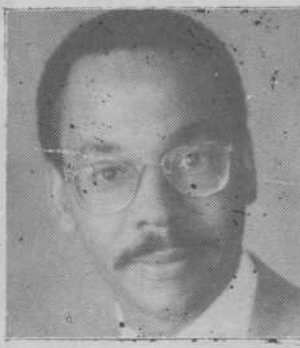
- **Does the stock meet your objectives, income and/or growth?** Stocks that pay a relatively secure dividend are considered income stocks, while a growth stock is one from which you hope to benefit from its increasing value, also known as the capital appreciation potential. If the stock you own or are considering will not match your personal need for income or growth, you may want to find another choice.

- **How much risk does this stock carry?** As the saying "with greater return potential comes greater risk" goes, you should know a stock's suitability ahead of time to determine if it falls within your risk boundaries.

In general, larger, well-established companies usually have

Financial Report

By Fred T. Snyder



less risk than newer, up-and-coming companies. When evaluating a merger situation, you should determine if the combined companies are creating a stock that would fit within your risk suitability.

- **How easily can you sell this particular investment?** You should also judge an investment by your need for liquidity and how easily you can convert the investment into cash on short notice.

For those of you seeking long-term investments for your portfolio, this question may be irrelevant. But if you consider a portion of your stocks as an avenue to quickly access cash, a

highly liquid stock may be a necessity.

- **Is it a long-term or short-term investment?** Similar to the issue of liquidity, the time frame of a stock's potential can influence your purchasing/owning decision. Some investors want to see results in six to 12 months, while others may seek long-term appreciation and can ride out market fluctuations over the long haul.

- **Which strategies can I use if I own a merger stock?** If you currently own stock that is a takeover target or merger candidate — and its price has risen — you should consider all options in this situation.

For example, you may want to wait and see what type of offer the potential acquirer makes on your stock. Or, you should sell the stock immediately to remove the merger risk, though you could lose out on additional profit potential.

You could use a sell half-hold half strategy, which can help you realize the profit on half the shares and still allow you to participate in any further developments.

Mergers could very well affect your portfolio sometime in the future, so it's helpful to plan now and make objective decisions rather than allowing your emotions to make those decisions for you later.

*This article was provided by A.G. Edwards & Sons, Inc., Member SIPC.*

## YOUR MONEY & YOU

# Letters verifying charitable donations can help with taxes

*Special to Sentinel-Voice*

**Q:** I found out too late that the Internal Revenue Service wants proof of my charitable donations. They disallowed my largest gifts. What kind of evidence do they want?

— Philadelphia, Pa.

**A:** To verify any charitable donation of \$250 or more, you will need a letter of proof from the organization to whom it was given. Many charities nowadays supply such letters automatically to donors. The law doesn't require that they do this, but most will write you a letter if you ask for it. You don't need to file these letters with your income tax returns, but you'll need them if you are audited.

**Q:** My neighbor is using a new service for paying utility bills called BuyPay. What is that? It sounds like it's better than mailing the bills.

— Brooklyn, N.Y.

**A:** Every year, it's getting easier to pay your bills. BuyPay is a bill-paying service located in some areas of the United States that allows you to pay your utility bills and charges you a small fee for handling the transaction. Customers feel the ease and convenience is worth a fee, and it saves on stamps.

**Q:** What are points on the stocks exchange?

How are they calculated? How much is each point worth?

— Mitchell, Va.

**A:** On the stock exchange, a point is shorthand for a dollar. If the owner of a share of XYZ Company stock offers to sell it at 35 points, that means he is asking \$35 for it. If he agrees to sell it to you for 34-1/8 points, you pay him \$34.125 for it. A broker on the floor of the stock exchange handles the transaction.

**Q:** I have been reading about electronic money. Is that really where we're going? I pay my bills by mail and I don't think I want to change.

— Decatur, Ga.

**A:** Electronic money is here. Electronic banking uses computer technology to keep financial records and make money transfers by wire so that paper records are unnecessary. For example, most Social Security and pension checks are now deposited directly into bank accounts by electronic fund transfers. Electronic bill presentation and payment (EBPP) is also gaining in popularity. If you own a computer, you can use EBPP to view your bills on the monitor. If the charges are correct, you pay the bill electronically by instructing your bank to

deduct the sum from your checking account and credit it to the company. No paper checks, envelopes, or stamps. You may not ever have to change. But those who do generally love the electronic method.

**Q:** How do they calculate the Dow Jones indicators? What can I learn from it?

— Mitchell, Va.

**A:** The Dow Jones Industrial Average

averages the price of shares in 30 large companies selected as a cross-section of the American economy.

The index reports the daily change in value of this group as measured by their rise or fall. To investors, these numbers furnish clues to the economy's general health. There are many indexes, of which the Dow Jones is the oldest and most widely used.

## Jammin' Hoops camp returns to Vegas

*Special to Sentinel-Voice*

After a successful inaugural season last year, Jammin' Hoops Camp is back. The free three-day event offers basketball instruction and lessons in life.

"Kids who attend these Bank of America-sponsored basketball camps learn more than just the fundamentals of the game," said NBA Hall of Famer and NBC Sports commentator Bill Walton, co-director of BofA's national Jammin' Hoops Camp program.

"They also learn the fundamentals of life, such as hard work and staying in school and off drugs."

BofA Nevada area executive George Smith agreed.

"Jammin' Hoops is about helping kids develop the self-esteem and confidence they need to compete in the game of life," he said.

Since the program's inception in 1990, more than 120,000 children have attended camps in Nevada, Arizona, California, Hawaii, Idaho, Illinois, Texas and Washington. BofA is extending the program to New Mexico this year.



The Las Vegas camp, to be held at Rancho High School on June 15-17, is open to the first 2,000 children who turn in applications. NBA players participating as guest coaches have yet to be announced. Last year's field scored NBA Hall-of-Famer Kareem Abdul Jabbar and Michael Cage.

In addition to instruction, camp attendees will receive a free Jammin' Hoops Camp Nike t-shirt, a team photo, a certificate of completion, and will attend a free barbecue June 16 with their families.


Participants who turn in two progress reports during the following school year will receive an autographed NBA poster. And BofA will award a \$1,000 college scholarship to a selected high school senior. Last year Moapa Valley High School's Valery Bush took home the cash.

For more information, including locations where registration forms are available, parents of children ages 7 to 17 can call the Jammin' Hoops hot line at (503) 284-4581.

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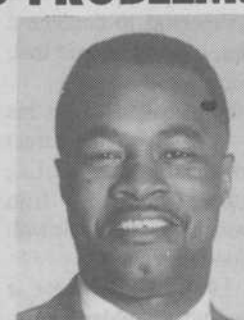



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