

Outlook on Business

Use your assets to earn more, and more and more

(NC) — "Save a part of what you earn!" We've mentioned that many times in these columns, and we've shown how a young person who would start saving just \$100 a month at age 25, assuming a 15% rate of return (many mutual funds have achieved that average and better over the past many years) would end up at age 65 being worth over \$2 million. It's a mathematical fact.

But, does it stop there? Sure, being worth over \$2 million at age 65 sounds attractive, but who wants to wait until age 65 to become wealthy? Can't my savings benefit me earlier?

They certainly can. Suppose that young man also saved another \$100 monthly, starting at age 25, and used those savings to make the down payment on a house at age 30 (still continuing to save the original \$100 monthly for his future, also). His "future" \$100 monthly savings at 15% would be worth over \$65,000 at age 40. Because of this, we could then show him how to make his mortgage interest tax deductible. This would then save him a considerable amount in income tax payments, giving him more to spend, then and there, and into the future.

Those extra, tax-deductible dollars, could be used to start a business venture, go into a partnership,



IT'S YOUR MONEY

Paul J. Rockel

take trips, etc. And they are dollars that are "extra" dollars, because they are tax savings. The neighbor who hadn't saved that \$100 monthly, but put everything he saved towards his house, could not make the mortgage tax deductible.

We could go on and on and cite benefits that can be derived if you could build assets. Yes, it takes "pain" to build those assets initially, but once you have them, there are myriad's of things that can be done to improve your wealth, and your standard of living, then (not at age 65).

Most of us never think that way. We think only about investing our dollars in things that lose value. We buy expensive cars, clothing, furniture, etc., all of which usually depreciate away (in time) to become valueless. There is nothing wrong with any of those things, but they should be bought with other dollars, not the dollars being saved to create wealth for yourself.

There are two sides to every coin. One is saving to build a sound financial future, the other is spending to enjoy life, and its necessities.

But, we should use a part of every coin for "each" purpose.

The young man who used "both sides of the coin" and started saving at age 25, can enjoy a lot of extra advantages because of those savings (without spending them) to give him and his family more to spend even in the years before 65.

He, and all of us, should go through the "initial pain" to enjoy a more satisfying tomorrow, and future.

Your comments and questions are welcomed.

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cord of your number. Beyond this precaution, don't keep any unnecessary records of your number.

When you pay for meals in restaurants, or any other purchase where the card leaves your sight, check carefully that the card you get back is actually yours, not someone else's. Also remember to check each bill carefully and make sure all totals are correct. As a further prevention, you can put a distinguishing mark on your card so that you will recognize it in a split second.

Keep a copy of your receipt so that you can check it against your statement each month, but destroy any carbon copy of it. Carbon copies contain all the information a thief needs to charge purchases to your account. After you have checked that your receipts match your statement, be careful how you dispose of them.

Guard yourself against credit card fraud

by Larry Hansen

Most people realize it is important to safeguard their credit card. But, despite this, more than 112,000 MasterCard and Visa cards were lost or stolen and credit card fraud totaled about \$18.6 million in 1986. Moreover, this only accounts for the amount financial institutions absorbed and does not include any sums consumers and retailers had to make up themselves!

Fraud can take many forms. It can be committed by thieves who don't even need your card, only your account number, by a crooked business or by counterfeiters who manufacture phoney credit cards and then emboss

them with the names and account numbers of cardholders. These phoney cards usually can be spotted quickly by the card issuer company but you, the consumer, would not be alerted until you receive your next statement.

The only defense against such criminal ingenuity is common sense on your part and extreme care.

Your best recourse is to safeguard your credit card and keep your number confidential. Begin by making a photocopy of your credit card as soon as you receive it and then store the copy in a safe place. In case your card is lost or stolen you will have a re-

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