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April 1996

Security National Bank was well represented at the BIE Pottstown Home Show by (L to R) Carole Agresta, Nancy Orgill, Bill Bargfrede, and President Ray Melcher. Security Bank's exhibit featured a variety of "Tools for financial SECURITY" available through the bank to business owners and consumers. Additional photos of the Building Industry Exchange's Pottstown Home Show available by clicking on this issue.

Photo by Bob Shoup Photography

Contents

Chemical Dependency - The Hidden Thief

By Richard Royce, MS, CAC

The total cost of addiction to U.S. society has been estimated at approximately $360 billion annually. This cost is almost equal to the national defense budget. The estimated cost to America's workplaces is $79 billion per year. But the costs to employers are more than just economic. Substance abuse in the workplace affects safety, productivity, attitude, and much more. Working with substance abusers can be dangerous. Their work habits can affect the safety, efficiency and satisfaction of fellow employees.

The substance abuser is a liability to his employer. He may have difficulty with concentration, resulting in diminished production. Substance abusers have a higher rate of absenteeism, slower reaction time, poor judgment, impaired eyesight, poor coordination and overall confusion, all adding up to loss of production in the workplace. In addition, theft, rising health care costs, decreased morale, and turnover in personnel further increase the economic costs of substance abuse in the workplace.

Employers can sponsor a variety of programs to help the substance abuser. Employee assistance programs (E.A.P.s) are designed to assist those who need help. They provide assessment, education, counseling, and referral to other specialized help programs. Treatment is confidential and offers the highest degree of privacy. Employees can be encouraged to seek help from Alcoholics Anonymous, Narcotics Anonymous, or Cocaine Anonymous.

These are self-help programs and they are free. Phone numbers for these programs are listed under "Alcoholism" and "Drug Abuse" in the phone book. Employees need to hear a clear message that getting help will not mean that they will lose their jobs. Addiction is a disease—not a moral weakness.

Supervisors should look for the following signs of substance abuse

- slurred speech
- frequent or questionable absen-teeism
- paranoia/suspiciousness
- prolonged lunch breaks
- chronic lateness
- poor personal hygiene/appearance
- frequent illness
- dramatic changes in behavior and mood
- isolation from co-workers
- hyperactivity/rapid speech
- dilation or constriction of pupils

Ignoring the problem will not make it go away. With proper treatment employees can be helped to become productive members of the workplace.

Richard Royce, M.S. *is a Certified Addictions Counselor. He received his Master's Degree in Counseling Psychology from Chestnut Hill College. He is currently a Clinical Coordinator at Eagleville Hospital, where he has been employed for seven years, and has worked in the field of Human Services for 17 years. Questions or comments for Mr. Royce may be sent directly to the Tri County Business Advisor.*

Avoid These Common Taxpayer Mistakes

By John A. Paciello, CPA, CFP

It's that time of year again TAX SEASON is upon us! Each year I continue to hear people complain about paying income taxes. However, for many this irritation stems from their anxiety of paying more than their "fair share." Here are some common mistakes to avoid that will make the process less painful and possibly put more money in your pocket.

- Failure to plan ahead. It's too late for your 1995 tax return, now's the time to start planning for 1996. Many strategies to lower tax liabilities must be taken during the tax year, not after the tax year is over. It's not too late to add tax planning to your New Year's resolutions.

- Poor record keeping. Incomplete or disorganized financial records can lengthen the time it takes to prepare your tax return, boost the cost of having a professional prepare your taxes, or cause you to miss out on valuable tax deductions because you overlooked or can't support the deduction.

- Failure to contribute to a tax-deductible/tax-deferred retirement plan. Investing in a tax-deductible/ tax-deferred retirement plan is one of the best tax tools available. It not only lowers your immediate tax bill-it helps you build a bigger retirement nest egg. The law allows for varying types of retirement plans depending if you're self-employed or an employee. Check today to see what tax deductible options are available to you.

- Withholding too much pay. Each year, millions of taxpayers receive tax refunds, often $ 1,000 or more. One way to look at this is you are getting a bonus or it's a form of forced savings. But another way to look at it is you have lent the government money tax free over the past year. Consider reducing you withholding and invest the extra take-home pay.

- Wrong investment basis. 1995 was a great year for many investors, and you may have taken some of those profits by selling some or all of your shares in one or more mutual funds. You'll pay taxes on the difference (capital gains) between what you invested in the fund ("cost basis") and what you sold it for. What many taxpayers forget, however, is to include their reinvested dividends and capital gains as part of their basis (distributions are taxed separately). Apply this same rule if you own stocks with automatic reinvestment of dividends (DRIPs).

- Wrong inheritance basis. Another common tax mistake involving investment basis occurs when people sell inherited property. If your aunt boughtstockfor$10,000,passed it on to you at death valued at $50,000, and you sold it in 1995 for $60,000, you should pay capital-gains tax only on the $10,000 difference between the $50,000 and $60,000-not on the $50,000 difference between your aunt's purchase price and your selling price. The basis for inherited property is generally pegged to the value of the property at death. (Caution-the cost basis rules are the opposite for gifts made prior to death).

- Failure to bunch deductions. Here's where long-term tax planning comes in. To itemize some deductions, you must exceed certain thresholds (7.5% of adjusted gross income for outof-pocket medical expenses and 2% for miscellaneous deductions). Try to bunch as many expenses as you can in one year so you can deduct the amounts that exceed the thresholds (this strategy can actually increase taxes for those in higher tax brackets or subject to the alternative minimum tax).

- Overlooked charitable deductions. Most of us claim cash and property donations, but often overlook mileage, parking fees, postage, or long- distance phone calls associated with doing charitable work. You may find a tax deduction in doing something you enjoy.

- Forget to claim deductions carried over from previous years. Some deductions may be claimed this year if they were carried over from previous tax years. These include capital losses, passive losses, charitable deductions, and alternative minimum tax credits.

- Failure to deduct refinancing points. If you refinanced during 1995, you can deduct a portion of the points (prorated over the life of the loan). Don't forget to deduct the prorated portion on next year's return and there after up to the life of the mortgage.

- The little things. Double check your math, use the correct tax table, and sign the return.

Tax planning, education and organization will help relieve the anxiety of paying more than your "fair share."

John A. Paciello *is a Certified Public Accountant and Certified Financial Planner. He cofounded the firm of* ***Clairmont, Pacielto & Co., P.C.****, Certified Public Accountants in 1975, and* ***CIPIC Financial Planning, Inc****. in 1988, servicing the Delaware Valley. For further information, please contact Mr. Clairmont at* ***250 Tanglewood Lane, King of Prussia, PA 19406*** *or* ***(610) 265-4122.***

Trader's Edge

The Business Plan

by Sam Loth

Any retailer who's been around will tell you that if you plan to visit your local banker for a loan to spruce up the show room this spring, you'd better have your business plan in order. But even those not in need of a loan can gain many benefits and insights by revising or rewriting a business plan each year. With that in mind, a sample business plan format is offered here to assist those retailers looking for capital assistance, as well as those wishing to knuckle down and get focused on what they want to accomplish in 1996 and beyond with their businesses.

A Sample Format

Introduction—Name of business, location, telephone numbers, owners, date.

Statement of Purpose

1. Who is asking for money?
2. What is the business structure (i.e., sole proprietorship, partnership, corporation, Sub-Chapter S Corporation)?
3. How much money is needed?
4. How will the money be used?
5. How will the funds benefit the business?
6. Why does the loan or investment make sense?
7. How will the funds be repaid?

I. The Business

A. Description

1. The type of business. Is your business primarily merchandising, manufacturing, or service?
2. The status of business. Is your business a start-up? An expansion of a going concern? A take-over of an existing business?
3. The business form. Sole proprietorship, partner-ship, corporation?
4. A statement of why your business is going to be profitable.
5. The date you plan to start the business.
6. The hours your business will be open.
7. If yours is a seasonal business, describe how the hours will be adjusted seasonally.

IN ADDITION

For a New Business:

1. Why will you be successful in this business?
2. What is your experience in this business?
3. Have you spoken with other people in this kind of business? What was their response?

4. What will be special about your business?
5. Have you spoken with prospective trade suppliers to find out what managerial and/or technical help they will provide?
6. Have you asked about trade credit?
7. If you will be doing any contract work, what are the specific terms of the contract? (reference any firm contract or letter of intent, and include it as a support- ing document).
8. How will you offset the slow payment by the cus-tomer?

For a Take-Over:

1. When and by whom was the business founded?
2. Why is the owner selling it?
3. How did you arrive at a purchase price for the business?
4. What is the trend of sales?
5. If the business is going downhill, why? How can you turn it around?
6. How will your management make the business more profitable?

B. Market

1. Who is your market?
2. What is the present size of the market?
3. What percent of the market will your business have?
4. What is the market's growth potential?
5. As the market grows, does your share increase or decrease?
6. How are you going to satisfy your market?
7. How are you going to price your service, product, or merchandise to make a fair profit and, at the same time, be competitive?
8. How will you attract and keep this market?
9. How can you expand your market?
10. What price do you anticipate getting for your products?
11. Is the price competitive?
12. Why will someone pay your price?
13. How did you arrive at the price? Is it profitable?
14. What special advantages do you offer that may justify a higher price?

C. Competition

1. Who are your five nearest competitors?
2. How will your operation be better than theirs?
3. How is their business? Steady? Increasing? De-creasing? Why?
4. How are their operations similar and dissimilar to yours?
5. What are their strengths and/or weaknesses?
6. What have you learned from watching their opera-tions?

D. Location

1. What is your business address?
2. What are the physical features of your building?
3. Is your building leased or owned? State the terms.
4. If renovations are needed, what are they? What is the expected cost? Get quotes in WRITING from more than one contractor. Include quotes as supporting documents.
5. What is the neighborhood like? Does the zoning permit your kind of business?
6. What kind of businesses are in the area?
7. Have you considered other areas? Why is this one the desirable site for your business?
8. Why is this the right building and location for your business?
9. How does this location affect your operating costs?

E. Management

1. 1. Personal History of Owners
   a. What is your business background?
   b. What management experience have you had?
   c. What education (including both formal and infor-mal learning experiences) have you had which have bearing on your managerial abilities?
   d. Personal data: age, where you live and have lived, special abilities and interests, reasons for going into business.
   e. A personal financial statement must be included as a supporting document in your business plan if it is a proposal for financing.
2. 2. Related Work Experience
   a. Direct operational experience in this type of business.
   b. Managerial experience in this type of business.
   c. Managerial experience acquired elsewhere—whether in totally different kinds of businesses, or as an offshoot of a club or team membership, civic activities, church work, or some other activity.
3. 3. Duties and Responsibilities.
4. 4. Salaries.
5. 5. Resources available to the business.
   a. An accountant.
   b. A lawyer.
   c. An insurance broker.
   d. Small Business Action Center
   e. Small Business Development Centers
   f. Business, trade, civic organizations often have a pool of talent available to their members.
   g. Small Business Administration technical assis-tance and SCORE programs.

F. Personnel

1. What are your personnel needs now? In the near future? In five years?
2. What skills must they have?
3. Are the people you need available?
4. Full or part-time?
5. Salaries or hourly wages?
6. Fringe benefits?
7. Overtime?
8. Will you have to train people? If so, at what cost to the business?

G. Application and Expected Effect of Loan

1. How is the loan or investment to be spent? This can be fairly general (working capital and new equipment, inventory, supplies.
2. What is (are) the item or items to be bought?
3. Who is the supplier?
4. What is the price?
5. What is the specific model name and/or number of your purchase(s)?
6. How much did you (will you) pay in sales tax, installation charges, and/or freight fees?
7. How will the loan make your business more profit-able?

II. Financial Information—attach samples

A. Sources and Applications of Funding.
B. Capital Equipment List
C. Balance Sheet
D. Income Statement
E. Proforma Cash Flow

F. Break-even Analysis
G. Personal Financial Statements

III. Supporting Documentation.

The Employee Must Now Make the Decision—What Investments Are Most Suitable in a Tax-Deferred Retirement Account?

By Earl A. Clairmont, Jr. CPA, CFP

Now that the taxes are completed, its time to turn your attention to your retirement accounts. First, are you maximizing your contributions to your retirement plans? Contributing the highest amount that the company allows? Or, at the very minimum, contributing up to the maximum company match. Second, you have to look closely at what are your investment choices and how you have decided to allocate your retirement money.

It's well known that investments compound faster inside a tax-deferred retirement account, such as a 401(k), Simplified employee Pension (SEP), or individual retirement account (IRA), than in a taxable personal account. This is because taxes are not paid until you withdraw the retirement income. The end result is a larger nest egg. But do you know which types of investments work best inside these accounts, and which ones don't? Here's a quick rundown of investments and strategies to consider, assuming investments will be held five years or longer.

- Tax-free bonds. One investment you should never put inside a tax-deferred account is tax-exempt bonds. That's because the interest is already tax free, which is the reason tax-exempts generally yield less than comparable taxable bonds. The only place to hold tax-free bonds is outside a retirement account. The problem with putting tax-exempts inside a retirement account is that when you withdraw those earnings they'll be taxed as regular income. In essence, you've turned a tax-free investment into a taxable one.
- Taxable bonds and bond mutual funds. The income from taxable bonds and bond mutual funds is subject to federal and state taxes. By holding them in a retirement plan, you defer those taxes. This is valuable for deep-discount and zero-coupon bonds which generate no current income but incur annual taxes if held outside a retirement account.
- Dividend stocks and income mutual funds. Like bonds, individual stocks and stock mutual funds whose returns come mostly from dividends and not price appreciation should be kept in retirement accounts.
- Growth stocks. Many advisors say to keep these stocks in taxable personal accounts. That's because most of their gain comes from price appreciation, which you don't pay taxes on until you sell the stock. This is especially true if you're in a high tax bracket, since the maximum capital-gains tax is 28 percent and could be lowered if some of the proposed changes are passed by Congress. If the stocks are inside a retirement account, you might be trading a 28 percent tax for a higher bracket when you withdraw funds. You also lose the ability to offset gains with losses when stock is inside a retirement plan.

However, a 1995 study in the Journal of Investing says this strategy works only if you buy and hold stock for a long time. If you are an active trader, even a low or moderate one, you'll do better putting the stocks inside and protecting all that turnover from taxes, claims the study. In this situation, you're actually better off filling your account with stocks and leaving bonds outside.

- High turnover mutual funds. Even mutual funds investing in growth stocks may buy and sell a lot in a year. By law, they are required to pass 98 percent of their net investment earnings, including capital gains, on to their shareholders, so you'll be taxed on these gains unless you keep them in a tax-deferred account. Those of you that owned mutual funds in 1995 saw much higher distributions than in previous years.
- Consider interest rates. Don't clog up a retirement account with low-yielding money market funds or other low-yielding investments. Why protect something that's only earning 3 percent to five percent? That hardly beats inflation. On the other hand, if the investment yields were to rise significantly, like in the early 1980s, it mike make sense to shelter the income. The only other time those investments make sense is when you need a short-term parking spot for your money prior to investing in another account or withdrawing.

Keep in mind, we initially stated that the most important thing is to contribute to your tax-deferred account. What investments you put inside won't make a lot of difference (with the exception of tax-exempt bonds) if you haven't reached your contribution limits. Again, this is especially true if your employer is contributing matching funds, as in a 401(k). You want to build that account up to its limit in whatever way you can. Only after you have maxed out does it become particularly important what to shelter and what not to shelter.

Earl A. Clairmont, Jr. *is a Certified Public Accountant and Certified Financial Planner. He co-founded the firm of* ***Clairmont, Paciello & Co., P.C.****, Certified Public Accountants in 1975, and* ***C/P/C Financial Planning, Inc.*** *in 1988, servicing the Delaware Valley. For further information, please contact Mr. Clairmont at* ***250 Tanglewood Lane, King of Prussia, PA 19406*** *or* ***(610) 265-4122.***

Review—The Pottstown Symphony Orchestra at the Hill School

By Bill Haley

Coming off a winter that ranked right up there with anything Siberia might have to offer, it was entirely appropriate that The Pottstown Symphony Orchestra closed off its 1995-1996 season subscription concert series on March 23rd by performing the beloved masterpieces of three outstanding Russian composers: Sergei Rachmaninov's Piano Concerto No. 2; the emotional and dynamic Russian Easter Overture by Nikolai Rimsky-Korsakov; and Tschaikowsky's magnificent Symphony No. 4.

"From Russia With Love" was the theme of the program, performed for a full house in the modern 720-seat theater at the Hill School Center for the Arts, Beech and Sheridan Streets, Pottstown, under the expressive baton of Music Director Porter Eidam.

A portrait of class and elegance, Maestro Eidam mounted the podium and bowed to the audience, perched above a row of red tulips with long broad flat leaves in gold foil-wrapped pots lining the stage. Turning to face the orchestra, he ever-so-gently brought a finger to his lips, commanding a split second of silent anticipation, and with precision and confidence borne of experience, coaxed the orchestra into Rimsky-Korsakov's complex and cyclical Russian Easter Overture, Op. 36. Maestro Eidam guided the orchestra adeptly with gentle, precise motions of his conductor's wand, while his body weaved through a series of stoops and lifts, shoulders rising and falling with the heavy Russian beat, defiantly stabbing the air and retreating with gusto as the music reached its glorious crescendo.

The highlight of the evening was the performance of sixteen-year-old pianist Angie Heo, who appeared relaxed and confident as she took the stage to perform the Rachmaninov piano concerto accompanied by the orchestra. Heo, who's concentration and emotional investment in the piece were so intense that she barely opened her eyes during the performance, played the rumbling, rolling, intricate composition as if it were an expression of her very soul. The audience responded with a near five-minute standing ovation.

The orchestra concluded the evening's program with Tschaikowsky's Symphony No. 4, after a brief but interesting history lesson from Maestro Eidam on the circumstances under which the piece was composed. The range of tempos and moods evoked in the four movements gave the orchestra ample opportunity to demonstrate its incredible mastery of technique and unity, right down to the simultaneous staccato plucking of more than 60 stringed instruments.

For information about the Pottstown Symphony Orchestra's 1996-1997 concert series and other events, please telephone the orchestra's hotline— (610) 32-MUSIC.

P-O-P Advertising is a $12 Billion Industry

In 1995, point-of-purchase advertising grew almost 8 percent to a $12 billion a year industry, according to a new study just released by the Point-of-Purchase Advertising Institute (POPAI). That's faster than national newspaper advertising which grew 5.6 percent* for the year, and network TV advertising which lagged behind with only 2.8 percent* growth.

POPAI's Market Size and Structure Study represents the first time the point-of-purchase industry has been substantiated. This is the most comprehensive study on the size and structure of the industry, according to Dick Blatt, POPAI President. POPAI conducted the study in conjunction with Meyers Research Center, New York.

Over 13,000 companies were interviewed to determine their involvement in the P-O-P industry in order to project the total volume for finished P-O-P produced and sold to end users by U.S. companies. Data on the structure and segmentation of the industry was established by determining total dollar volume for various types of P-O-P, i.e., permanent displays, and in-store media/signage—within major distribution channels.

According to the POPAI Study, point-of-purchase advertising has become one of the largest marketing media for U.S. brand marketers and retailers totaling nearly the same advertising dollar amounts spent per year as on spot TV, network TV, and newspaper advertising.

Media Advertising Expenditures*

Spot TV $12,718.8 (millions)
P-O-P $12,024.0**
Network TV $11,893.7
Newspaper $8,463.0

Study Highlights:

- Close to half of all P-O-P dollar volume was generated by sales made directly to retailers—49 percent. Brand marketers were a close second accounting for 42 percent; with agencies lagging far behind accounting for only nine percent.
- The Top Ten Industries that spend the most on P-O-P include (in millions):

1. Restaurants/Food Service/Taverns ($998)
2. Apparel/Footwear ($944)
3. Automotive ($855)
4. Snacks/Candy/Cookies/Crackers ($851)
5. Pre-Recorded Music/Videos ($785)
6. Tobacco ($665)
7. Toys/Hobby/Sporting Goods ($658)
8. Off-Premise Beer/Wine/Liquor ($600)
9. Professional Services ($543)
10. Appliances/Housewares/Furniture ($526)

- Permanent displays, accounting for 40 percent of dollars spent on P-O-P and In-Store Media at 39 percent, outpace temporary displays which account for only 21 percent of P-O-P dollars.
- U.S. exports total close to three-quarters of a billion dollars, only six percent of the total industry volume.
- Almost 14,000 companies in the U.S. make and/or sell P-O-P to end users

According to Blatt, "Our members are pursuing creative and strategic directions that have made the shopping aisle—the final three feet of the marketing mix where the shopper, the product and the purchase decision meet—one of the most compelling advertising opportunities for U.S. brand marketers and retailers. As a result, POPAI's 1,500+ members grew in dollar volume at the rate of 12.2 percent, nearly twice the rate of the rest of the industry at 6.5 percent."

POPAI will be sponsoring two one-day seminars on May 9th at the Marriott Marquis Hotel, New York, NY. "P-O-P From All Angles" is a concentrated one-day program featuring working sessions on all the marketing, production and technological aspects of point-of-purchase advertising, including:

- Choosing a P-O-P Supplier
- New Electronic Technologies for Displays and Signage
- POPAI's 1996 Consumer Buy-ing Habits Study
- Permanent and Temporary Displays
- Multi-Media P-O-P in the Re-tail Environment
- Evaluating P-O-P
- Building P-O-P Relationships for Win-Win Results
- P-O-P: Designing for Retail Acceptance

"Developing Your P-O-P Business in the '90s" will be a two-part seminar. "Harnessing the Power of the Internet to Build Your P-O-P Business" will be followed by "Building Your Business Through Client Insight," with Angela Scalpello, The Maloney Group.

Seminar prices are $295 for POPAI members and $345 for non-members. To register call Diane Raimondi at (201) 816-6111.

* Source: Advertising Age, 9/95
** Source: 1996 POPAI Market Size and Structure Study

Simplified Employee Pension Plans

By Christine Messmer, CFP, ATP

Simplified employee pension plans (SEPs) enable smaller businesses to provide retirement benefits with lower costs and less reporting requirements than other qualified retirement plans. SEPs offer some attractive benefits for employers and employees alike.

How Do SEPs Work?

A simplified employee pension plan is basically a group of individual retirement accounts maintained for employees.

Under a typical SEP plan, the employer establishes IRA accounts for all participating employees. The employer then contributes to the IRAs, subject to the contribution limits for SEP plans—not IRAs. Employer contributions are not counted as current income for the employee.

SEP plans provide an effective retirement planning option for employees. It also provides the employer with an effective tax shelter.

The Salary Reduction Option

A SEP can also be funded by employees through a pre-tax salary reduction. Under a salary reduction SEP, or SARSEP, employees can elect to defer up to $9,240 of their salary to the plan. Employee funding further reduces costs to the employer. This salary reduction feature enables a SEP to work much like a 401(k) plan. In fact, some refer to the SARSEP as a mini-401 (k) plan.

Advantages

SEPs are designed to provide a number of advantages.

They have a significantly lower setup cost to the employer than regular pension or profit sharing plans. They also offer simpler reporting and record-keeping requirements. And they reduce the fiduciary requirements for the employer.

For employees, SEPs offer substantially higher contribution limits than regular IRAs. This enables employees to accumulate more for retirement.

The retirement benefits in a SEP are fully vested as soon as they are contributed. This makes a SEP completely portable. That means departing employees can roll their SEP balances into an IRA or have them transferred to a retirement plan sponsored by their new employer.

Simplified employee pensions can provide significant retirement benefits to employees while minimizing setup and administrative costs for employers. They can be a good start toward a sound retirement plan.

Christine Messmer is an Independent Certified Financial Planner and Accredited Tax Preparer. She can be reached at 610-489-7925.

Scenes from the 1996 Pottstown Home Show!

Each spring, the Building Industries Exchange (BIE) of Pottstown & Vicinity, Inc., sponsors its annual "Home Show" where members have the opportunity to display their latest merchandise, and provide information on the services they offer.

The following collection of photos from the 1996 show depict a representative sample range of vendors who regularly attend.

All photos Bob Shoup Photography.

The BIE is a 45-year-old trade association dedicated to promoting quality within the building trades. For further information call ***Diane Yanis, BIE Director at (610) 323-1700.***

Click on any picture to view a full size version.

Jane Detwiler and Gary Steppler of
Gary's Carpet Depot.
(Blue Ribbon Winner)

A Bird's eye view of the Showroom
floor from the organ perch at Sunnybrook

George "Bud" Bodor and the Bodor's
Lawn Mower Service, Inc. exhibit

(L to R) Carole Agresta, Nancy Orgil,
Bill Bargfrede, and President Ray Melcher with
Security National Bank's "Tools for
Financial Security at the show
(Blue Ribbon Winner)

The Patriot Bank exhibit.
(Yellow Ribbon Winner)

Fronsheiser Pools' exhibit
"Touch of Green."
(Blue Ribbon Winner)

The Longacre Electric
Service, Inc. exhibit
(Blue Ribbon Winner)

Dan Weand (L), Business Consultant to
McKinney Xerox Center, and
Kathy Arnold Yerger, Head Librarian,
Pottstown Public Library's
"75 Years of Service" exhibit

Betty Moriarity(L), Marketing Coordinator
and Valerie Degler(R), Advertising Coordinator
at the National Penn Bank display

Steve's North End Mower Shop exhibit
was well represented by (L to R) Dennis
Schoenly, Eric Martin, Carl Hessler,
and (foreground) Gary Hessler.
(Red Ribbon Winner)

The Passmore Service Center exhibit
filled the stage at Sunnybrook

John Kline, Wireless Consultant with
ATI Communications mans
ATI's exhibit at the show

A.D. Moyer Lumber and Hardware's exhibit
featured a variety of tools and equipment,
as well as Anderson Windows
displays. (Blue Ribbon Winner)

Herb & Doaty
Realtor's exhibit.
(Fourth Best of Show)

My Dad's Carpets' theme for the show was "Our 'Tool' is Color"

The Mitchell Pools exhibit. (Yellow Ribbon Winner)

Graphically SPEAKING

Getting the Most Accurate Pricing

Planning is first and foremost the most cost effective step in preparing your design or printing project. Before calling your designer/printer, be sure to have the following information available: Quantity, Size, Ink, Paper. Then you would need to decide on the layout of your project. Will photographs, illustrations or graphics be included? How many? Who will furnish the items? Typesetting—who will set the type? If copy will be supplied from you to the designer/printer, in what form will it come? Finishing—will the piece be folded, collated, stapled, stuffed, numbered . . . the more information you give to your designer/printer, the more accurate your pricing will be.

Common printing terms:

Author's alterations (AA's): changes or additions made to copy after it's been set. Usually, extra charges are incurred. Bleed: the image which extends beyond the trim lines and is always printed on a bigger sheet of paper which adds to your cost. Camera-ready artwork: Artwork which is ready to be shot into a negative and readied for printing.

- Copyfitting: The adjusting of type to make it fit into a given amount of space.
- Copyfitting: The adjusting of type to make it fit into a given amount of space.
- Crop: to eliminate portions of a photograph, illustration or copy.
- Font: the style of type.
- Generation: each succeeding stage in reproduction from your original.
- Halftone: the conversion of continuous-tone artwork, through a screen, which converts the image into dots of various sizes.
- Opacity: the property of paper which minimizes the "see through" from the back side or the second sheet.

Supplying the designer/printer with the above information will give you a more accurate cost quote.

It is always advisable to get two or more written quotes from different designer/printers. Read the quotes carefully to see what is and what is not included.

Graphically Speaking is supplied by Halfmoon Services—providing design, typesetting, and printing alternatives for the '90s. For more information about our services, call: (610) 327-1115.

The Golf Club Workshop

By Arthur Arbogast

Hello golfers! The following article is the first of a series on golf clubs and related subjects. We will do our best to provide information in as objective and forthright a manner as possible. Our aim is to answer your questions without the hype, overstatement, and exaggeration usual to TV commercials, infomercials and magazine ads. Drop us a line with your questions on shafts, grips, grooves, heads or whatever else has you curious, and we'll do our best to answer them in future articles. If you disagree with us, we'd like to know that too.

That being said, let's discuss shaft flex. One of the most frequent questions I receive is: "Aren't graphite shafts more flexible than steel?" In a word—no. Shaft flex is determined by its length, thickness and construction. The material from which a shaft is made, steel, graphite, titanium, fiberglass or aluminum, is irrelevant to the amount of flex built into the shaft. Flex is the amount a shaft will bend in reaction to the application of a given weight or force and is not to be confused with torque, balance, bend points or kick points. These are separate characteristics that will contribute to a performance and/or feel of a club but have nothing to do with its flex.

Generally, shaft flex is denoted by the symbols "X," "S," "R," "A" and "L" with "X" being the stiffer and "L" the most flexible. Many club manufacturers, but certainly not all, will have some designation as to the flex noted on the shaft. You will also see such terminology as "firm," "strong," "flex," etc., to denote the flexibility of a shaft instead of a letter code. Does this mean that "firm" is the same as "S"? Not necessarily! There are no standards in the shaft industry as to what constitutes a regular flex shaft or any other stiffness. One manufacturer's "stiff" may well be another's "regular" or even "senior" flex. Each manufacturer sets its own standards. While there is general agreement that standards should be developed, no one is willing to give up their "trade secrets" or opinions to conform to standards set by the group. And, don't look for any standard to be developed anytime soon. Confusing? Certainly!

So, how does this help you, the golfer? How can you be sure that you are playing the proper shaft for your swing? Have your swing and shaft checked. Visit your local clubmaker, pro, or golf shop and have your swing measured and analyzed. Have your clubs measured for flex. You can then determine the flex of your present clubs, and can consider whether or not a change would be a benefit or a detriment.

That's it for now. Please drop us a line with your questions. Good luck and good golfing!

Arthur Arbogast is a member of the Golf Clubmakers Association, Professional Clubmakers Society, and the USGA. He also measures golf courses for Keystone Public Golf Association. Handicap index—11.0. He is currently a flight runner at Moselem Springs Golf Club.

Send your questions to: "The Golf Club Workshop," Attn: Arthur Arbogast, 301 Ivy Lane, Douglassville, PA 19518; (610) 385-7824.

Computer Communications: Internet Email and Your Business

By W. Andrew Eunson, Intuitive Solutions, Inc

The Internet and related topics have had non-stop media coverage for over a year and a half. Thousands of individuals and businesses have flocked to gain access to the Internet. Does this mean you should too? What exactly can you do via the Internet and how can it help your business? These are the questions I hope to answer for you. I'd like to define the Internet and its users and discuss how email can help you communicate with your customers faster, cheaper and more effectively.

Who'd believe in 1969 that the Department of Defense program to link some computers together to share information would turn into the '90s way of life? The Internet started out and will probably always be about sharing information. If you have something of value to share or exchange you will do well with the Internet and its users.

Typical Internet users are curious and looking to expand their knowledge. Because of the wealth of information and experiences available at any given moment, they are picky about what they choose to interact with. If you choose to use the Internet to market to your customers, make it interesting and of value to those who will read it.

The Internet is just a global collection of computers connected via phone lines. All you need to access the Internet is a computer, modem, phone line and a service provider. A service provider is a company or organization who provides you with a connection to the Internet. Service providers vary greatly in level of service, value, and cost. As with any purchase, it's best to shop around and compare. The type of connection most small businesses and home users use is called a dial up connection. To access the Internet, you turn on your computer and use your modem to dial an access number to connect.

Email is short for electronic mail. It consists of some message which is moved from one computer to another. Email is very much like the U.S.. mail. You create a message and address it. Once sent, it travels to the recipient's mailbox where it stays until retrieved and read. The only difference is email travels much faster.

Governments, universities, and corporations use email every day to conduct business, recruit and communicate ideas. Students from elementary school all the way up through university level use email to request and research information from all over the world, or just keep in touch with mom and dad 2,000 miles away.

Used properly, email can be a very powerful and useful tool in your business. It can keep your customers informed about your products and services or specials you're offering. It's very important to offer the customer some value in your communications so that your message is not discarded as junk mail.

Offer your customers value via email not available via other communication outlets:

1. Give them advance notice of specials or sales.
2. Target your products towards an electronically savvy audience.
3. Try creating a newsletter which offers your customers an insight to your industry or market which might help them in their daily life or purchasing decisions.

Ask your customers for their email addresses. You'll probably strike up an interesting conversation about what they've found and how it's changed their life. You can immediately be transformed from someone they don't know to someone they have something in common with.

Email is powerful. It meets people in the home and where they work. It affects and changes people's lives without regard to sex, age, religion or location. You have the power to educate and influence your customer through email. The ability to effectively communicate affects us all.

I recently attempted to research how many Internet users there are in the Philadelphia area. Unfortunately, most service providers in the area seem to feel that customer demographics are confidential. If you are an email user please send me a message describing how you use email. If you have any questions, comments or suggestions regarding this or future articles, please email me via compcomm@isolve.com.

Don't Panic

By John A. Paciello, CPA, CFP

You may be in a panic like many are this time of year. April 15th is looming and you can't find the tax basis for some of those high flying mutual funds you sold late last year, your Limited Partnership forms (K-1) haven't arrived, you're still praying for the proposed capital gain legislation to be retroactively passed, and you . . . oh well, none of it makes any difference to our friends at the IRS. NO EXCUSES. File your Individual or Partnership Income Tax return by April 15th or, if you own a corporation, 75 days after the fiscal year ends. Failure to do so will result in you, or your corporation, paying penalties and interest. DON'T PANIC.

There is one thing you can do to get out of the jam. File for an extension of time to file your income tax return. It's as easy as the flat-tax proponents would like to make all tax filing. All you have to do is fill out a postcard-size Form 4868 for individuals, or Form 7004 for corporations, and mail it by the due date of the tax return. The IRS will grant an automatic four-month extension for individuals, and six months for corporations. And if that still doesn't give you enough time, the IRS can, if you show good cause, give you another two-month extension to find that missing or late paperwork.

Oh, there is one other little thing. Along with the extension form, you must attach a check for the amount of taxes you think you owe for the year. Uncle Sam still wants his money on time. The extension is only for filing, not payment of tax. Still, it's better than no extension since the IRS can assess two penalties: one for not paying on time, and one for not filing on time. The extension with payment eliminates one of the penalties. Failure to file in a timely fashion can be costly—the penalty is five percent of the tax you owe for every month you file late, up to a maximum of 25 percent.

Don't have the money to pay? You can get a six-month extension to pay for "undue hardship," but you'll have to convince the IRS that your excuse is valid. You may also request to pay on the installment plan. Again, discretion in this area is entirely up to the IRS. Either way, you'll pay interest charges and late-payment penalties, although the IRS can waive the penalties.

Rumor is, the later you file, the less likely you'll be audited, BUT THAT IS ONLY A RUMOR. At this stage of the game, if the idea of filing an extension sounds appealing, here are some technicalities you should know:

Your extension payment should bring your total payments for the year to within at least 90 percent of your final liability, or 100 percent of last year's liability (110 percent if your adjusted gross income exceeds $150,000). For example, if you owe $10,000 in taxes for the year and you've already paid in $8,000 during the year, the extension payment should be at least $1,000. That way, you'll only pay an annual interest charge on the unpaid balance, equal to the federal short-term interest rate plus three points.

If you end up paying less than 90 percent, you'll pay a five percent monthly penalty on the unpaid balance in addition to the interest charge.

The IRS can reject the automatic extension if you don't make at least a "reasonable" estimate of your taxes. A rejection means a five percent failure-to-file penalty. What's reasonable could end up being argued in tax court, but just be prepared to show that you made a bona fide effort.

In most crisis situations, panic is an element that only makes matters worse. Don't panic—file for an automatic extension.

By the way, if you're not worried about filing late this year because you know you'll get a refund anyway, think again. The IRS may assess a penalty for late returns even if they owe you, or your corporation, a refund. You need to consider the following: What if your calculations prove incorrect? What if the IRS rejects that big deduction you were taking? Suddenly you owe Uncle Sam additional income taxes and all these late and underpayment penalties. File an extension. It's safer.

John A. Paciello *is a Certified Public Accountant and Certified Financial Planner. He co-founded the firm of* ***Clairmont, Paciello & Co., P.C.****, Certified Public Accountants in 1975, and* ***C/P/C Financial Planning, Inc.*** *in 1988, servicing the Delaware Valley. For further information, please contact Mr. Paciello at* ***250 Tanglewood Lane, King of Prussia, PA 19406*** *or* ***(610) 265-4122****.*

Business Sense—Employees Pass Up Valuable Retirement Benefits

By G. Stephen Thoma of Merrill Lynch

When you think of the role you play in your employees' lives, you may consider yourself as simply the person who provides a way for them to earn a living. Employees today, however, tend to expect their employers to play a larger role, one that includes helping them to meet their retirement planning responsibilities.

Employees expect 37 percent of their retirement income to come from their employers, the same percentage they expect their individual savings will provide, according to the Seventh Annual Merrill Lynch Retirement and Financial Planning Survey. A vast majority (80 percent) of the 809 employees surveyed said their employers offered retirement and pension plans.

Despite the wide availability of retirement plans, and their importance as a source for retirement income, most of the employees surveyed said they do not participate in their employer plans to the degree they could. Only 67 percent of employees who had a plan available to them said they participated in it. Eight in ten employees were eligible to participate in their company's 401(k) plan, but only two-thirds did.

Despite the wide availability of retirement plans, and their importance as a source for retirement income, most of the employees surveyed said they do not participate in their employer plans to the degree they could. Only 67 percent of employees who had a plan available to them said they participated in it. Eight in ten employees were eligible to participate in their company's 401(k) plan, but only two-thirds did.

Is this the situation at your company? Do your employees rely on you to provide a retirement saving vehicle, yet you still lack full participation in your plan? By examining some of the data from two Merrill Lynch surveys, perhaps you can find ways to help employees take better advantage of the retirement benefits you offer.

Employer Responsibility

In the employee survey and a companion survey of 400 benefits managers completed in August 1995, the Seventh Annual Merrill Lynch Retirement and Financial Planning Survey of Employers, both employees and benefits managers said they believe that ideally retirement income should come in relatively equal proportions from personal savings, Social Security and employer-sponsored plans.

Unfortunately, we do not live in an ideal world. The rate of personal savings in the United States averages only 4.5 percent of disposable income.* Merrill Lynch has estimated that baby boomers (those born between 1946 and 1964) are saving about 40 percent of the rate they need to in order to maintain their current standard of living in retirement. Government benefits may not make up the difference for this generation. Few benefits managers have confidence that the Social Security system will provide employees with the same level of benefits as that of current retirees. An overwhelming majority of benefits managers surveyed (86 percent) said they believe the government will eventually cut back on its Social Security and Medicare programs.

Employers have a special responsibility to help employees meet their investment and financial planning responsibilities. Employees must do their share; almost a third of employees lack a comprehensive understanding of available defined contribution plans, according to the managers surveyed. Employers, however, can help employees investigate options and participate knowledgeably in their retirement plans.

Misunderstanding of 401(k) Plans

The 401(k) plan is among the most popular employer-sponsored retirement plans, yet a full third of the employees eligible to participate in 401(k) plans don't enroll, the employee survey showed. Benefits managers say the most common reason that employees do not participate is their belief that they do not have enough money to participate.

The second most common reason is lack of understanding of how the 401(k) plan works. Managers said that nearly one-fourth of employees do not participate in available 401(k) plans simply because they do not understand how the plans work. And, while benefits managers typically report that their firms match up to 15 percent of contributions, employees believe that companies match on eight percent.

In recent years, employers report that they have expanded the range of employee investment options with 401(k) plans. At least half of today's plans offer five investments, while half of the plans four years ago offered just three investments. An increase in choices can be to your employees' advantage, but only if they know how to make well-informed investment choices.

The Tool of Education

With the continuing shift from defined pension plans to defined contribution plans, individuals have to make more investment decisions than ever before. Three-fourths of benefits managers responding said their firms' employees have the responsibility of selecting and directing their investments under company-sponsored plans.

But the employee survey revealed that many employees feel unprepared to make such choices. While 80 percent of employees said educational materials or assistance could help them make better investment decisions, more than half (53 percent) said their employers provide no educational materials.

The recommended response for employers is to provide the kinds of educational opportunities and tools that employees say will help them make better choices. Employees overwhelmingly favor individual counseling (87 percent) and seminars (81 percent) as effective means of helping them make retirement and financial planning decisions. Brochures, newsletters, videotapes and audio tapes were also mentioned as helpful materials.

Benefits managers agreed that seminars are the most effective means of communicating, but only 68 percent say seminars are frequently used. A full 76 percent of benefits managers surveyed listed manuals and brochures as their primary means of communication, with personalized statements (74 percent) the second most used means.

To remain competitive, you or the benefits manager of your company should also know why other companies offer in the way of benefits and services. You should strive to retain qualified employees who have a keen understanding and appreciation of company benefits and can pass their knowledge on to newer or less experienced employees.

Help Your Employees Prepare

Fewer than 17 percent of benefits managers consider their firms' employees to be "very well prepared" for their retirement. With some planning, you may be able to raise that percentage at your company. A program that effectively communicates the benefits that your retirement plan offers can help your employees not only feel, but be more prepared.

* U.S. Department of Labor (September 1995)

G. Stephen Thoma is Senior Vice President and Director, Business Financial Services, for Merrill Lynch's Private Client Group.