

Real Potpourri

Stanley Greenfield, RHU

I get lots of letters and phone calls concerning questions that many of you have about financial matters. For those of you who have written or called, you know that I usually answer by return mail; some of you have been a little surprised when I call you. I thought I would choose a few of the questions I have received and answer them in print. Some of you may be pondering the same questions and now I have saved you the cost of a letter. See, I told you I can show you how to save money.

Question: Is it better to lease a car or buy one?

There are too many unanswered parts to that question, such as, how is your cash flow, your credit, how many miles do you drive a year, how long will you keep it, etc.? I will cover some points for you to consider before you sign on any dotted line. Consumer interest, for the most part, is no longer deductible. Unless you can prove that you use your automobile in your practice, you cannot deduct the interest on an auto loan or a lease. You will be hard pressed as a chiropractor to prove that you need a car, other than to drive to your office, and commuting is not deductible anyway. The lease payment per month may be cheaper but overall leasing does cost more. If you drive more than the allowable mileage allowance, they will get you in the end with a charge for that excess mileage, so be careful. Yes, you can borrow money from your home equity to buy a car and then the interest will be deductible, but if you borrow from your equity line for everything you want, just to make it deductible, your monthly payment will be more than the national debt. In other words, let's not get crazy with this home equity business.

Question: Should I pay off all my debt, including my mortgage?

Yes, if you can afford to. Now let's really answer the question. Again let me remind you that your mortgage is the cheapest money you will ever buy, and Uncle Sam makes it even cheaper by allowing you to deduct it from your income taxes. If your cash flow will allow it, you should try to eliminate all debt, especially high interest debt. Remember, money is worth what you can borrow it for, so you can make over 14 percent on your money by getting rid of credit card debt.

Question: Why should I set up a retirement plan and put money in it for my employees?

One very good reason, because if you set up a plan and don't put money in it for your employees, Uncle Sam will put you in jail! Need I say more? If you design your plan properly, you will end up with the bulk of it all anyway, and at least this way you can deduct what you put into the plan from your current taxes.

Question: Why do I need insurance? I will build up enough cash so I will be able to take care of everything.

Famous last words that I have seen over the door leading into the poor house. You need insurance now so if you die "too soon," your family won't have to suffer because you just knew that nothing would ever happen to you. A way to create the estate you never had the chance to finish. Later in life you need insurance to conserve the estate that you were lucky enough to build. (I bet you did it

by reading all my articles!) The estate tax can take 55 percent of everything, plus whatever other fees your estate will have to pay. Sort of a "cheap liquidity dollar" so that your estate will pass to who you want it to go to.

Question: Stanley, look this investment over for me and let me know what you think as soon as possible. I must get into it now or miss out on a golden opportunity.

Boy, have I heard that one before, the chance of a lifetime. Believe me when I say they haven't stopped making chances of a lifetime! In fact, you will probably have a call about one before the sun sets today. Now how did I know that?

Question: Stanley, if you're so smart, why aren't you rich?

Good question. My wife and kids ask me that all the time.

Question: I hate to stand in line at the post office to buy stamps, or send one of my employees because it takes so long.

Call 1-800-STAMP24 and you can order stamps by using your credit card. Minimum order is 60 stamps and there is a service fee of \$3. Better yet, go one more time to the post office and get the form to order stamps by mail from them. You can send them a check and they will send the stamps within 48 hours and there is no service charge. How about that?

Question: Do you think taxes will continue to go up?

Are you kidding me?

Question: How much?

How high is up? How high can you count?

Question: I don't have a will. Do I need one?

You're wrong, you do have a will. The problem is that it was written by the state you live in. The question is, do you want your money to be divided the way the state decides, or do you want to have some say so in the matter.

Question: I have all my money in a Now account. Is that smart?

If you always want to be earning less than the inflation rate, yes. Haven't you read any of my pieces about tax-free money markets? I guess not. Drop me a line and I'll send you some copies of some of my old articles about how to accumulate money.

Your comments and inquiries may be directed to:

*Stanley Greenfield, R.H.U.
4161 Carmichael Ave., Suite 210
Jacksonville, FL 32207*

Please include a self-addressed, stamped envelope. Thank you.

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