



Brockett's Ag Advice

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One question I get a lot around income tax time is "Should I take out an IRA or Keogh?" Income tax is too late to take out a new Keogh. Other than that, however, the answer to that question is always the same: It depends on your age, debt structure, plans for the future of your business, and level of income. Remember the money is tied up until you are 59.5 years old unless you are willing to pay a sizable penalty. The penalty may go up under the new tax bill.

Here are some guidelines:
Consider a retirement account if:

- You are 45 or older and have taxable income of more than \$15,000 after all deductions and exemptions.

- You have few or no debts and few if any places to invest the money in your own operation.

- You are willing to tie up the money until you are 59.5 years of age.

- You feel income at retirement will be considerably less than now.

You may not want to open a retirement account at this time if:

- You are under 35.

- You have quite a few debts and/or have a desire to expand in the future.

- You can think of other pressing needs for the money.

- You do not have taxable income in excess of \$10,000.

Where to invest IRA Money:

Most people in rural Pennsylvania invest IRA money in local bank CDs. There are a lot of advantages to them as an IRA fund. It is convenient. The money may be used for local uses. You can usually discuss your account with someone you know. One word of caution—make sure the bank has some form of Federal insurance.

However there are other places that may have advantages. Example — most money market funds have higher yields than bank

CDs — bond funds have higher yields and can increase in value — government security funds are probably tops in security — Zero coupon Treasury bonds have high yields (10 year bonds are around 9.5% now) and great security — growth funds in today's market are having tremendous increases in value due to increased stock prices. Most no load mutual fund companies have several types of funds. You can switch from one fund to another as the economy changes.

There are, of course, disadvantages to these alternatives. All bonds and stocks including the bond and stock funds can sell at prices under their purchase price. To properly use the switching option for mutual funds means extra work and often some fees, even with a no load fund. IRA income received after retirement is all taxable as regular income even if part of it was from capital gains. Most IRAs in funds require more effort on your part than do CDs. They also are subject to load and/or management fees that may reduce the net income to a point below that received from CDs in the early years.

If convenience is the primary desire, I'd suggest sticking to local CDs. If yield with safety is the primary concern, you may want to look into one of the government security funds or CDs from a larger bank. If you do not mind taking some risk to maximize your potential yield, you could consider a good mutual fund. If you do not mind the extra work, use a good no load fund so you save that load charge each time you invest in it. If you need some help in filling out forms, use load funds. In either case, look into several companies -

- What types of funds does the company carry so you can see the potential flexibility for switching among different funds within the

Daily named to board

BALTIMORE — Hugh Dailey, a member of the Board of Directors of the Farm Credit Banks of Baltimore, has been named Vice-Chairman of the Board of Directors of the Farm Credit Corporation of America.

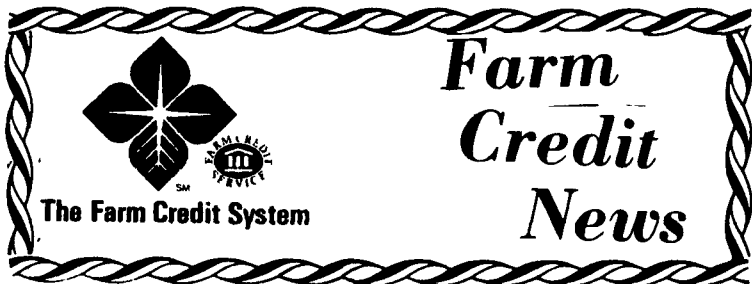
Dailey, a resident of Winchester, Virginia, owns and operates a 500-acre livestock farm with brood cows, feeder cattle and sheep. A graduate of Virginia Tech, he has served on the Board of the Farm Credit Banks of Baltimore since 1974. His affiliations include: Central Valley FLBA and PCA, Northern Virginia Livestock Producers, Frederick Farm Bureau, Southern States Winchester Cooperative, First Presbyterian Church and the Finance Committee of Frederick County.

The Farm Credit Corporation of America is a wholly Farm Credit System owned service corporation under Title IV of the Farm Credit Act. It is the brain-child of system strategic planning efforts and was chartered on July 8, 1985. This Corporation provides a means of ongoing and unified planning, for establishing common goals in credit and financial areas and to speed decision making on System-wide issues in a rapidly changing

farm financial environment.

The Farm Credit Banks of Baltimore, the area's largest leading agricultural lender, extends long and short-term credit to

farmers and their cooperatives. The 2nd District (Baltimore) serves the state of Maryland, Delaware, Virginia, West Virginia and Pennsylvania and the Commonwealth of Puerto Rico.



Allied holds drawing

Ron Watson, left, of Plant Food Products, Inc. in Hopewell, Virginia, is awarded a 1986 Honda Fourtrax 250 by Glen Kitson, regional sales manager, Allied Corporation, at the National Fertilizer Solutions Association Convention held in Las Vegas December 9 through 11, 1985. Allied, manufacturer of Sulf-N 45 ammonium sulfate fertilizer, sponsored the drawing at the national trade show.



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