

Are you worrying too much about money?

When it comes to your personal finances, which are you more like: the Alfred E. Neuman (What, me worry?) type, or the neurotic Scrooge McDuck? To find out whether you're worrying too much, too little or just the right amount, take this quiz. Circle the letter on the left which corresponds with your feeling.

- 1. I check my stocks and mutual funds in the financial pages...**
 - a. every day 20
 - b. every week 10
 - c. only once a year or so 5
- 2. I'll be able to afford a comfortable retirement because ...**
 - a. I'm saving to the max right now. 10
 - b. I'm counting on a relative to leave me a pile. 5
 - c. Fat chance! I'm going to end up working till I drop. 20
- 3. When I get my bank statement**
 - a. I throw it in the wastebasket. 5
 - b. I go crazy if it doesn't match my checkbook balance. 20
 - c. I give it a once-over to make sure I know roughly how much is in my account. 10
- 4. If I get laid off**
 - a. I'll get through the following three months on the money in my emergency fund. 10
 - b. I bet I'll find another, similar job quite fast. 5
 - c. I'll be a wreck. 20
- 5. I clip cents-off newspaper coupons**
 - a. every day 20
 - b. only when I see one for a product I like 10
 - c. never 5
- 6. If I buy something I have to stretch to pay for**
 - a. I can't sleep for weeks thinking I overpaid. 20
 - b. I'm pleased that I got my money's worth. 10
 - c. I just put it on plastic and forgot about it. 5
- 7. When I get cash from a cash machine**
 - a. I don't bother to get a record slip. 5
 - b. I always enter the withdrawal in my checkbook. 10

c. I always get a queasy feeling that I'm taking out money too often, even when I'm not. 20

HOW TO SCORE YOURSELF

Add up the numbers to the right of the response you made to each question. If you didn't answer an item, give yourself a "10." The total score will be a good indicator of your "Worry Index."

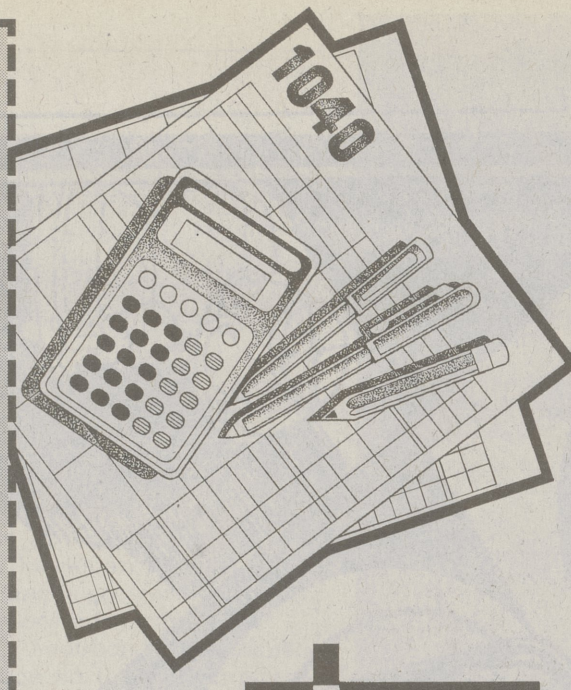
1. If your score is 35 to 45, get real! You need to worry a little more. You may not be accomplishing what you could achieve - due to inattention to financial matters.
2. If your score is 50 to 70, you've got a fine grasp of your personal financial situation. You are taking an interest as well as taking many of the steps which will assure success.
3. If your score is 75 or above, get a life! You're worrying way too much. Perhaps you should delegate more of these responsibilities to professionals - and let them worry for you! You need to have a financial plan and let it be working for you.

AVOID THE PARALYSIS OF WORRY

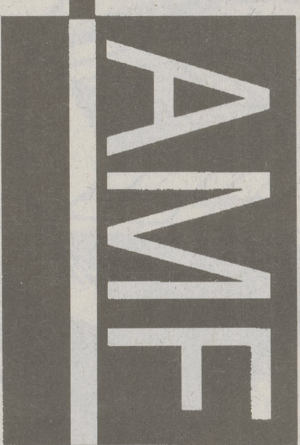
Some persons acquire a sense of helplessness about their financial circumstances. Perhaps it is worry about debt, concern over ever rising inflation, career limitations and hazards or maybe prior financial problems. It may be simply a lack of comprehension about financial and tax issues which grow more complex each year. Worry will not help conquer these issues. The guidance of a financial professional, steady attention to a financial plan and a slow diet of financial reading will produce the desired results. Plus time, of course

Thanks to George Appel, a certified financial planner who lives at Harveys Lake, for this lighthearted look at our financial perceptions.

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A glossary of basic personal finance terms

Annuity: A form of contract sold by life insurance companies that guarantees a fixed or variable payment to the buyer at some future time, usually retirement. A Fixed Annuity pays out in regular (fixed) installments varying only with the payout method elected. A Variable Annuity pays out an amount that varies with the value of the account.

Asset: Anything owned that is convertible into cash. Usually divided into two broad classes:

- 1) Real assets/property: house, car, computer, etc..
- 2) Financial assets/money: cash, bank account, mutual funds, etc..

Bond: (debt security) A negotiable, long-term debt instrument that carries certain obligations (including the payment of interest and repayment of principal) on the part of the issuer. Common issuers are the federal government (Treasury), State and Local governments (Municipals) and Businesses (Corporates).

Bond, Discounted: Also called Zero-Coupon bonds, no periodic interest payments. Instead, the bond is sold at some price below (discounted) its face value and returns full face value at maturity. Because of the IRS's treatment, this type bond is best used in tax deferred accounts such as IRAs.

Budget: An estimate of income and expenses for a specified period.

Capital wealth: net worth in money and/or property. Any form of wealth employed or capable of being employed in the production of more wealth. A subset of Assets.

Dividend: Distribution of earnings to shareholders, the amount is decided by the company's board of directors and is usually paid quarterly. Dividends must be declared as income in the year they are received.

Dollar Cost Averaging: A method of purchasing assets by investing a fixed amount of dollars at set intervals (such as \$100 per month). This method automatically buys more shares when the prices are down and overall is a very good way to invest. Most Mutual Fund companies offer this service, though, they may call it something different.

Earnings: Corporate profit remaining after paying taxes and bondholder interest.

401(k) Plan: An employer sponsored, tax deferred, retirement plan which uses pre-tax contributions from an employee's regular compensation to invest for that employee in a

number of possible financial instruments. Many companies that offer these plans will MATCH a portion or all of the employee's contributions with cash or securities; this is, in essence, free money fully added to the employee's account usually after some set period of time (vesting). 408(b) Plan A tax deferred retirement plan very much like the 401(k) (above), with the main difference being that the employer is a non-profit organization (school, church, etc.).

Futures: Bonthead Alert - these securities are often speculative. Currently, they're outside the scope of this Web site.

Futures Option: Also known as an Option on a Futures Contract. Bonthead Alert - just like Futures and Options separately, these are taboo for nonexperts.

Gambling: To risk money or property on something involving chance or random outcomes. Basically the riskiest thing you can do with your money, hope you have fun.

Inflation: A sustained rise in the prices of goods and/or services. Two common measures of the Inflation Rate are: the Consumer Price Index and the Producer Price Index.

Investment: The use of capital to create more money. Usually includes the idea that safety of principal is important.

IRA: Individual Retirement Account. A personal, tax deferred, retirement account that an employed person can set up with a deposit limited to \$2000 per year (\$4000 for a couple when both work, or \$2250 for a couple when one works and the other's income is \$250 or less). Withdrawals from IRAs prior to age 59 and a half are generally subject to a 10% penalty tax. Important

Money Market Fund: A type of Mutual Fund that invests in commercial paper, banker's acceptances, repurchase agreements, government securities, certificates of deposit, and other highly liquid and safe securities that pay money market rates of interest. Though these funds are not federally insured, like a bank account, there hasn't been a complete failure to date (there have been

two failures, but the shareholders were reimbursed in the first case and the second is still pending). A Money Market Mutual Fund is not the same as a Money Market Deposit Account (MMDA's) that you get through a bank.

Mutual Fund: A pooled investment vehicle whose securities are managed for a fee (annual management fee) by a professional investment advisor. Mutual Funds exist that invest in most investment alternatives available (Stocks, Bonds, etc.). No-Load (Mutual Funds) Some Mutual Funds charge additional fees (commissions) to: buy, sell, hold for short periods, etc. A true No-Load Fund charges no additional fees, other than the annual management fee (which all Funds charge).

Options: Bonthead Alert - these securities are often speculative. Currently, they're outside the scope of this Web site.

Principal: Face amount of a debt security (Bond or Mortgage) on which interest is owed or earned. Investment Principal: basic amount invested, exclusive of earnings.

Speculation: Signifies a much higher degree of risk than investment.

though often having better "odds" than gambling.

Stock: (Equity) Shares of stock represent a fraction of ownership in a corporation. As a partial owner the stockholder is entitled to a partial share of earnings and dividends after taxes.

Zero-Coupon Bond: For definition see Bond, Discounted. Copyright © 1998, Michael C. Carl, All Rights Reserved. Send suggestions, questions, and comments to: Bonthead.Finance@compuserve.com



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