

The original documents are located in Box 40, folder “Ford, Gerald - Finances” of the Sheila Weidenfeld Files at the Gerald R. Ford Presidential Library.

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Fords Paid \$106,509 in '75 Income Tax

By Edward Walsh
Washington Post Staff Writer

President Ford paid \$94,368 in federal income taxes for 1975 and is due an \$11,631 tax refund.

In the 1975 figures, the White House has now made public information on Mr. Ford's income and taxes during the past 10 years.

income Mr. Ford reported last year was made up of small amounts of interest on savings and stock dividends and the net proceeds from

The President also had \$23,000 in deductible business expenses, according to James Connor, a White House official who helped re-

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Ford Gets Tax Refund

Washington, April 20
(UPI) — President Ford received a 1975 federal income tax refund of \$11,631.07, the White House said today.

He was taxed state \$41.91, sed by federal \$1 pay, 06,200 less.

For his fund paid and eral ear's in this

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WASHN CANDIDATES FINANCES(N41) SUB FOR 10TH GRAF:

THE FIGURES SHOW THE FIRST FAMILY PAID \$56,296 IN FEDERAL INCOME TAXES IN 1974 ON A TAXABLE INCOME OF \$128,472. FEDERAL INCOME TAXES ON THAT AMOUNT OF INCOME NORMALLY WOULD BE HIGHER THAN WHAT FORD REPORTED. WHITE HOUSE AIDES AT FIRST SUGGESTED FORD MAY HAVE TAKEN ADVANTAGE OF THE TAX LAW'S INCOME-AVERAGING PROVISIONS BECAUSE HIS INCOME ROSE BY ABOUT \$55,000 IN 1974. TODAY THE AIDES SAID THAT WAS NOT THE CASE BUT THAT THE TAX WAS LOWER BECAUSE HE TOOK ANOTHER OPTION IN THE LAW PERMITTING A MAXIMUM TAX OF 50 PER CENT ON EARNED INCOME.

FORD'S NET: 11TH GRAF

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FORD-FINANCES

ORLANDO, FLA. (AP) -- PRESIDENT FORD'S MONTHLY FOOD BILL AVERAGES ABOUT \$800 AND HE HAS TO PAY HIS HOUSEHOLD HELP TIME AND A HALF WHEN HE KEEPS THEM OVERTIME TO SERVE GUESTS, PRESS SECRETARY RON NESSEN SAID TODAY.

R NESSEN SAID THE HEFTY FOOD BILL WAS ONE REASON THE PRESIDENT WAS NOT ABLE TO SAVE ANY MONEY ON A 1974 SALARY THAT APPROACHED \$150,000.

FORD WAS PRESIDENT FOR NEARLY FIVE MONTHS THAT YEAR. NESSEN SAID THE PRESIDENT MUST PAY FOR ALL FOOD THAT HE AND HIS FAMILY CONSUME AT THE WHITE HOUSE, AS WELL AS FOR FOOD SERVED TO PERSONAL GUESTS. NESSEN SAID THE NAVY-OPERATED WHITE HOUSE STAFF PROCURES THE FOOD FOR THE FORD KITCHEN, GENERALLY AT HIGHER PRICES THAN HOUSEWIVES PAY IN THE SUPERMARKET.

I THE PRESS SECRETARY ALSO REPORTED THAT IF THE FORDS HAVE PERSONAL GUESTS FOR DINNER AND KEEP WAITERS AND KITCHEN HELP ON OVERTIME, THE PRESIDENT MUST COMPENSATE THEM OUT OF HIS OWN POCKET AT OVERTIME RATES. NESSEN SAID THIS HAPPENED EARLIER THIS WEEK WHEN THE FORDS HAD VICE-PRESIDENT AND MRS. ROCKEFELLER IN FOR DINNER, AND THEN ACCOMPANIED THEM TO THE THEATER.

02-13-76 16:54EST

N124

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HEARST LEAD
" FRANCISCC

INTERVIEW RECTED ITS BANK ROBBERY CASE

Ford's Assets Listed Net Worth Shown at **\$323,489**

By Edward Walsh
Washington Post Staff Writer

President Ford released a personal financial statement yesterday showing that he has few debts or savings, a net worth of \$323,489, and in 1974 he and his wife, Betty, paid 42 per cent of their

Book 2/13/76 *Ford Lists His Finances;* *Net Worth Up to \$323,489*

PRESIDENT Ford from a percentage of his income in taxes," Nessen said. "His own philosophy is not to find those things (tax shelters) that some people find to avoid taxes."

Personal tax matters have been a source of embarrassment both for Reagan and Mr. Ford's predecessor, Richard M. Nixon, and Nessen's comments clearly were designed to contrast the President's tax situation with the others.

Reagan has conceded that in

\$130,788 in federal, state and local taxes from 1970 through 1974. He reported his salary as governor during those years totaled \$240,460, but he did not report his total income for that period.

Reagan, calling it a private matter, has repeatedly refused to disclose the amount of money he earned from the time he left office in California until he declared as a presidential candidate last November. During that time, he made several nationwide speaking tours and also had a

1973); the condominium in Vail, valued at \$90,000 (compared with \$65,000 in 1973); the family home in Grand Rapids, valued at \$30,000 (compared with \$25,000 in 1973); and a one-fourth interest in a cabin in South Branch Township, Mich., the value of which has remained \$2,000.

In addition, the statement showed Mr. Ford's assets include:

— \$12,973 in stock and bond holdings in three companies, the Ford Paint and Varnish Co., Central Telephone of

THE HONORABLE GERALD R. AND ELIZABETH B. FORD
STATEMENT OF NET WORTH
DECEMBER 31, 1975

ASSETS

Cash in Banks	\$ 1,239
Securities:	
Ford Paint and Varnish Co. - Debenture Bonds	\$ 9,031
Central Telephone of Illinois - Stock	2,734
Stein Roe Farnum Balance Fund - Stock	<u>1,208</u>
	12,973
Cash Value - Life Insurance:	
Gerald R. Ford (Face Value \$ 25,000.00)	\$ 8,267
Elizabeth B. Ford (Face Value \$ 5,000.00)	<u>1,634</u>
	9,901
U. S. Congressional Retirement Fund - Contributed Cost	53,701
Real Estate:	
Residence - Alexandria, Virginia	\$ 90,000
Condominium - Vail, Colorado	90,000
Rental Dwelling - Grand Rapids, Michigan	30,000
Cabin - South Branch Township, Michigan ($\frac{1}{4}$ Interest)	<u>2,000</u>
	212,000
Furnishings and Personal Effects:	
Residence	\$ 20,000
Condominium	6,000
Rental Dwelling	<u>2,000</u>
	28,000
Automobiles and Other Vehicles	<u>6,875</u>
<u>TOTAL ASSETS</u>	\$ 324,689

LIABILITIES

General Bills Outstanding	\$ 1,200
<u>NET WORTH</u>	<u>\$ 323,489</u>



THE HONORABLE GERALD R. AND ELIZABETH B. FORD
NOTES TO STATEMENT OF NET WORTH
DECEMBER 31, 1975

The Cash in Bank consists of accounts at the Central Bank N.A. Grand Rapids, a business account and a personal account at the First National Bank of Washington.

The Debenture Bonds are with the Ford Paint and Varnish Co.

The Stock consists of 135 Shares of Central Telephone of Illinois and 72.206 Shares of Stein Roe Farnum Balance Fund.

All securities were valued as of December 31, 1975.

The cash value Life Insurance was supplied by New England Mutual Life Insurance Company.

The U. S. Congressional Retirement Fund represents your contributed cost to December 31, 1975.

The value of the Real Estate, Furnishings and Personal Effects represent estimated market values determined by you and are in excess of the original cost.

The automobiles and other vehicles consist of a 1974 Jeep, 1972 Jeep and a 1971 Mustang. These vehicles were valued by Orson E. Coe owner of Coe Pontiac, Grand Rapids, Michigan.

The general bills outstanding are estimated miscellaneous items unpaid at December 31, 1975.



EXHIBIT 8

GRAND RAPIDS, Mich., October 20, 1973.

Hon. HOWARD W. CANNON,
Chairman, U.S. Senate Committee on Rules and Administration, the Capitol,
Washington, D.C.

Dear Sir: In accordance with Congressman Gerald R. Ford's request we have prepared and are submitting to you the enclosed statement of his and Mrs. Ford's net worth as of September 30, 1973. The statement of net worth should be considered in conjunction with the notes to the statement which are attached.

This firm has served as Congressman Ford's tax accountants since 1949 and we are generally familiar with all of his financial records and transactions.

For purposes of preparing this statement of net worth, we have relied on the complete financial information supplied by Congressman Ford each year, and stored in his office, consisting of check books, bank statements, cancelled checks and deposit slips. The market values of the Real Estate and furnishings were supplied by Congressman Ford and represent his estimate of current values.

Sincerely,

ROBERT J. McFARLANE,
Certified Public Accountant.

Gerald R. and Elizabeth B. Ford, statement of net worth, Sept. 30, 1973

Assets:

Cash in banks..... \$1,001

Savings account—Grand Rapids Mutual Federal..... 281

Securities:

Ford Paint and Varnish Co.—debenture bonds..... 9,081

Central Telephone of Illinois—stock..... 8,240

Stein Roe Farmum Balance Fund—stock..... 1,200

Subtotal..... **18,521**

Cash value—life insurance:

Gerald R. Ford (face value \$25,000)..... 6,000

Elizabeth B. Ford (face value \$5,000)..... 1,497

Subtotal..... **8,487**

U.S. Congressional Retirement Fund—contributed cost

Subtotal..... **49,414**

Real Estate:

Residence—Alexandria, Va..... 70,000

Condominium—Vail, Colo..... 65,000

Rental dwelling—Grand Rapids, Mich..... 25,000

Cabin—South Branch Township, Mich. (1/4 interest)..... 2,000

Subtotal..... **162,000**

Furnishings:

Residence..... 12,000

Condominium..... 5,000

Rental dwelling..... 2,000

Subtotal..... **19,000**

Automobiles and other vehicles

Subtotal..... **6,725**

Total assets..... **201,078**

Liabilities:

Notes payable—National Bank of Washington..... \$3,200
General bills outstanding..... 1,500

Total Liabilities..... **4,700**

Net worth..... **250,378**

GERALD R. AND ELIZABETH B. FORD, NOTES TO STATEMENT OF NET WORTH,
SEPTEMBER 30, 1973

The cash in banks consists of an account at Sergeant at Arms, Washington D.C., Central Bank, Grand Rapids, Michigan and Union Bank and Trust Co. Grand Rapids, Michigan.

The debenture bonds—Ford Paint and Varnish Co. are due on July 1, 1975. The stock securities consist of 135 shares of Central Telephone of Illinois and 60 shares of Stein Roe, Farmum Balance Fund valued at market value on September 30, 1973.

The cash value—life insurance was supplied by New England Mutual Life Insurance Co.

The U.S. Congressional retirement fund represents Congressman Ford's contributed cost to September 30, 1973.

The real estate and furnishings represent estimated market value supplied by Congressman Ford, which are in excess of original cost and values determined from property tax assessments.

The automobiles and other vehicles which consist of a 1968 Chrysler, 1972 Jeep, 1969 Mustang, 1971 Mustang and a 1972 Motorcycle, were valued by Berger Chevrolet Co. Grand Rapids, Michigan.

The notes payable—National Bank of Washington, are short-term notes maturing at 30-day intervals.

The general bills outstanding are estimated miscellaneous items unpaid at September 30, 1973.

Income and Tax Information for the President and Mrs. Ford - 1966/1974

Year	Gross Income	Taxable Income	Deductions				Federal Income Tax	All Taxes As % of Gross Income
			Medical	Contributions	State, Local & Other Taxes	Interest & Other		
1966	59,513.65	50,267.90	277.79	1335.00	1012.55	20.41	17,389.05	31%
1967	71,608.55	60,827.53	150.00	2960.00	1071.02		22,896.16	33 1/2%
1968	68,952.43	56,759.55	150.00	2353.20	3089.68		22,617.43	37%
1969	80,741.98	67,838.99	611.98	2125.50	3565.51		29,610.90	41%
1970	94,322.11	80,944.31	1001.18	1892.50	3348.91	385.21	35,121.09	41%
1971	71,114.58	55,308.68	1886.45	2187.00	4090.02	592.43	20,390.53	34 1/2 %
1972	67,927.41	53,723.20	150.00	2286.25	4036.85	221.00	20,296.75	36%
1973	92,745.40	77,867.06	150.00	2760.20	4297.38	170.76	31,997.58	39%
1974	147,683.10	128,472.96	150.00	5849.00	5984.71	2726.43	56,296.49	42%

1975 - The President and Mrs. Ford's Tax Returns for 1975 have not yet been prepared. The following figures are available:

Gross Income	Federal Income Tax Withheld	Payment of Michigan Income Tax (Estimated)
250,000.00 +	106,200.00	,9,123.00

Rushy - File
Fro's Income Tax

This Copy For _____

NEWS CONFERENCE

#482

AT THE WHITE HOUSE

WITH RON NESSEN

AT 3:53 P.M. EST

APRIL 20, 1976

TUESDAY

MR. NESSEN: Some of you have asked over the past few weeks or so about the President's 1975 income tax returns, so that has been mailed in and we have transferred the figures and can hand it out to you.

The way we did this was we took what we handed out before -- the year-by-year compilation of income, deductions, Federal taxes, et cetera -- and simply added a bottom line, as it were -- to coin a cliche -- showing the exact same figures for 1975.

Let me just run through this for you -- the 1975 bottom line there. The gross income, that is composed of a \$200,000 salary, a \$50,000 expense account, and the remaining \$1,991.24 includes the net rental on the President's rental properties and the little bit of interest on the bank savings account and some small dividends.

The next column is Taxable Income -- \$204,605.83, on which the President paid taxes.

Now, to get from the gross income to the taxable income you deduct certain things. You deduct medical expenses there, the standard \$150 deduction: you deduct contributions -- \$6,759.34.

As I mentioned before, the President prefers not to disclose what specific charities he contributed to other than to say that this is mostly relatively small contributions to a number of charities such as the Boy Scouts, the American Red Cross, and so forth.

The taxes there in the next column, State taxes are paid in Michigan, if you recall. Other parts of that are taxes he pays on the property he owns, the usual standard calculation from the tables as far as sales taxes go and so forth.

MORE

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Q Those property taxes would be property taxes in Michigan, Virginia and Colorado, right?

MR. NESSEN: Alexandria; Vail, Colorado; Grand Rapids, Michigan; and South Branch Township, Michigan; that is correct.

Q He got reassessed. (Laughter)

MR. NESSEN: I read that on somebody's wire, yes.

The interest payments, the President has a couple of small loans on which he pays interest. You notice that the loans have been reduced considerably from 1974 to now.

Q Are those the children's loans?

MR. NESSEN: I am not sure of all the details of the loans. I know one of them was a small bank loan to close in the garage of his Alexandria home at the time he was Vice President.

Q Is it still that one?

MR. NESSEN: Some of it is that, yes.

Q Ron, is all of his real property free and clear? How about the condominium in Vail?

MR. NESSEN: If you recall from the financial statement that we put out in December, there are no mortgages outstanding on any of the properties.

Q So this interest on loans does not apply to mortgages?

MR. NESSEN: Mortgages? It does not.

Q Personal loans?

MR. NESSEN: Yes.

Now, in addition to those deductions, you have \$3,750 in personal exemptions; in other words, five personal exemptions at the maximum amount allowed by law -- \$750. That is, the President and Mrs. Ford, Susan, Jack and Mike. Now he did not take Steve as an exemption -- did I say personal exemptions?

Q Yes.

MR. NESSEN: It is personal exemptions.

He did not take Steve as an exemption this year because Steve does not qualify since he did not live at home and was not a full-time student. So that is a slight change from previous years.

The remaining amount that you subtract from gross income to get taxable income is roughly \$23,000. This is business expenses which you deduct from the \$50,000 expense allowance. You account for it and show how and why it was a business expense and then you don't have to pay taxes on it.

I don't have a complete breakdown of that. The individual items are not large. Probably the largest single item was the 35,000 Christmas cards and the postage for 35,000 Christmas cards.

MORE

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Q How much was that?

MR. NESSEN: I am just told it is the biggest single item, but I don't have the exact amount.

Q Explain that \$23,000.

MR. NESSEN: You have \$50,000 expense allowance. If you can't account for how you used it then you pay taxes on all \$50,000. For every penny you can account for as a business expense you reduce the amount of that that you have to pay taxes on. The President has accounted for \$23,000 of it.

Then as you see, the column that says Federal Income Tax, that is the tax paid, it is \$94,568.92. It is the tax he is paying on \$204,605 taxable income. It amounts to -- 42 percent of his gross income goes for Federal income -- all taxes.

Q How did he come up with the \$94,000? That is to say, was a substantial portion of the \$94,000 withheld from his salary? I mean, is that withholding taxes, the kind of stuff we pay?

MR. NESSEN: There is, of course, money withheld from his salary.

Q I would like to know how much he had to pay over and above that which was withheld.

MR. NESSEN: I don't have that information. That is a good question. I will have to take that one.

Q Or if he got a refund or whatever.

Q Did he pay a quarterly estimate tax?

MR. NESSEN: Maybe we can call Jim Connor and get that on the phone.

Number, one, did he --

Q How much above what was withheld?

MR. NESSEN: In other words, did he have to pay on top of what was withheld in order to pay off the \$94,000 liability or did the withholding take care of most of it or did he get a refund?

Can you call Jim Connor?

MR. CARLSON: The second question was did he pay quarterly?

Q What I would like to know is does the President have to write out a check like a lot of us do at the end of the year and pay so much and how much?

Q Not quite all of us. Some of us still get around it.

MR. NESSEN: Call Jim Connor and if you can't get him call Dorothy Downton.

All right. That is about the major items on here. I think the only other thing I would say is that the President, in doing this, suggests that all the candidates seeking the Presidency publish their income tax records, the record of their income and their deductions and the amount of taxes they pay both to the Federal Government and to the State and local governments in as much detail as he has so that the American public will have this information.

Q Do you, by chance, know if any of the others have not published it in such detail and who they might be?

MR. NESSEN: I don't know. The President mentioned to me that he had seen, for instance, in the paper that Mo Udall had published his in as much detail as this.

Q You don't know about Ronald Reagan?

MR. NESSEN: I don't personally know whether he has or not.

Q You really don't know, Ron?

MR. NESSEN: I do know that he has not, of course.

Q This \$150 for medical, obviously that is the cost of an insurance policy.

MR. NESSEN: That is correct. The law allows you to deduct, I think, half of your premium payments and then if your actual medical expenses go three percent above your income you can take additional ones. His medical expenses have not gone above three percent so all he can do is take half of his insurance premium.

Q He does not pay Social Security?

MR. NESSEN: The President got a small refund on his Federal taxes because his withholding more than paid for his --

Q What does he do, quarterly estimates? Is that the way it is? He makes an estimate of what it is going to be? Is that how he pays?

MR. NESSEN: It would not be hard to estimate since his income is stable.

Q He pays it quarterly?

MR. NESSEN: Well, he got a small refund on his Federal taxes. He had to pay a little on his State taxes.

Q Can we have some specifics here rather than "small" and so forth?

MR. NESSEN: Let's take all the questions then and get all the answers at one time.

Q I was wondering if he got his check back yet from the IRS.

MR. NESSEN: He only mailed his returns out about the first of April and I think this is a little early for it to come back.

Q Have you explained before, do you know why the medical was so high in 1970 and 1971?

MR. NESSEN: I didn't ask about that but clearly in those years there was some -- was that the year he had his knees operated on?

Q I don't know.

MR. NESSEN: I think so. Let me take that question, too.

Q Did you ever get an answer to Frank's question on the quarterly payments?

MR. NESSEN: We are working on that over here now.

Q Ron, who prepared the return?

MR. NESSEN: The same gentleman who has always prepared his returns -- oh, there is the expert.

Mr. McBane of Grand Rapids. You recall his first name from the --

MR. CONNOR: Ralph.

MR. NESSEN: Ralph McBane. A CPA from Grand Rapids who has prepared his returns for a number of years.

Q Ron, last year the President had very little cash on hand. Do you have figures on that?

MR. NESSEN: Well, Russ, basically the statement of net worth that we put out was dated December 31, 1975, and that takes you right up to the end of the period covered by these tax returns. Now the President's financial situation has not changed materially since the three or four months since then. The normal time span for putting out a financial statement or a net worth statement is annually so we did not prepare a new net worth statement since the one put out on December 31.

Q There have been no major changes, then, in his financial status.

MR. NESSEN: Not since December 31, no.

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Q To go back to that \$50,000 of expenses, I am not clear. If you can account for it as business expense, then it becomes deductible?

MR. NESSEN: The amount you can account for is subtracted from your taxable income. The amount you cannot account for as a business expense is taxed as regular income. In other words, if he started out with \$50,000, he has accounted for \$23,000; therefore, the remaining \$27,000 was taxed as income.

Q How come he cannot account for that? I mean, I would imagine with all the entertaining he does and all that he would have a pretty good idea.

MR. NESSEN: It would have to be a business expense. If he has some friends in for dinner or drinks, it is a personal expense.

Q Christmas party for the press?

MR. NESSEN: Yes, I would think that is one.

Q Didn't he write that off?

MR. NESSEN: I didn't see the return myself.

Q Does that mean that the other \$27,000 really just became income for him?

MR. NESSEN: It is required by law to be shown as income, that is correct.

Q Are you suggesting he pocketed it?

MR. NESSEN: No, I am sure he spent it but he didn't spend it in a way that he could legitimately claim it as a business expense.

MR. CONNOR: First of all, he paid half of it right back to the Feds again in terms of taxes since that money is taxed to the marginal rate, so anything that is not accounted for is taxed and at his marginal rate half of it goes to the Feds and some portion of it goes to the State of Michigan, as well.

Q It was nonetheless spent for legitimate business expenses regardless of whether it is shown that way?

MR. NESSEN: \$23,000 was. \$23,000 was spent in a way that could legitimately be claimed as a business expense. The rest of it is treated as income, is taxed as income, as Jim said, at roughly a 50 percent rate, and it goes into his income.

MR. CONNOR: Let me describe it. What this says is that when they set the salary of the President, the last time they set it, which was, what -- 1969, I guess -- the salary is identified as \$200,000 plus \$50,000 for expenses. Okay, that \$50,000 does not have to be accounted for as one would account, for example, for one's expenses on a trip or something like that. It is just in recognition of all the expenses you might bear. In terms of receiving the money, you don't have to specify each nickel, what you spent it for. It is just to cover it all.

In terms of your tax situation, however, which is a different kind of an arrangement, if you claim something as an expense item you have to be able to identify what that expense item is and that is really what we are talking about here.

He claimed out of that money something like \$23,000 in specifically identifiable expenses and, thus, is not required to pay taxes on that. He is required to pay taxes on anything else that he did not identify.

Q Can you give us some examples of what he might not be able to claim and yet spend out of the remaining \$27,000; that is, what could he not legitimately claim?

Q You are saying that that money is the same as salary?

MR. CONNOR: It is effectively salary and that is basically what it is. The way the law was written is it is \$200,000 plus \$50,000 for the expenses associated with the office.

Q So for tax purposes the President received \$227,000 in wages from the Government?

MR. CONNOR: Correct. He received \$220,000 in taxable wages.

Q The other \$24,000, as I recall -- Ron, can you refresh my memory on that -- isn't that from rental on his properties?

MR. NESSEN: No, I don't think you can do it that way, John. You have to go by the way it is done here.

The first column, Gross Income, \$250,000. That is salary and the \$50,000 expenses -- \$1,991.24 in the net rent interest received and dividends received. When I say "net rent" I am talking about rent minus expenses on the rental property and the remainder is what you have to pay the tax on.

Q That is included in the gross?

MR. NESSEN: Yes.

Q Did he not rent that Arlington house? That seems like an awfully low figure -- less than \$2,000 on three rental properties.

MR. NESSEN: I don't know exactly what the figures on the Alexandria house are or any other house.

Q Condominium and at least one apartment in the Grand Rapids area.

MR. NESSEN: But you deduct from your gross rent the depreciation on the house, the expenses to keep the house up, the management fee, the taxes on it and whatever other --

MR. CONNOR: Any period of vacancy and whatever. I don't know what these were.

Q Are you saying that the President is generally in the 50 percent tax bracket?

MR. CONNOR: Yes. It is 50 percent marginal. You know how that works. That is, that it starts out lower and each increment gets taxed at a higher level until you reach the 50 percent tax bracket.

MR. NESSEN: So that anything above that is taxed at 50 percent, in other words.

MR. CONNOR: Income that he earns above and beyond his salary is taxed at an even higher than 50 percent bracket. That is taxed at -- I guess it would be around the 70 percent bracket.

Q Did you ever find out if he paid quarterly estimates?

MR. CONNOR: No, he had it deducted here.

Q So this \$94,000 was all deducted or substantially deducted?

MR. NESSEN: Substantially more was deducted.

MR. CONNOR: When we gave that thing out last year it indicated they withheld \$106,200, or something like that.

MR. NESSEN: That was for the full calendar of 1975.

Q So he got about \$12,000 back.

MR. NESSEN: Yes. The hundreds go the other way.

Q When does he get his check?

MR. NESSEN: He gets a weekly check.

Q A weekly?

MR. NESSEN: Somebody checked and found that he gets his weekly and everybody else gets theirs biweekly.

Q What was that 11,000 figure?

MR. NESSEN: That was the difference between what he paid in his withholding and what his taxes were so he got it as a refund, in other words.

Q \$11,000?

Q How is he going to spend it? Is he going to take a trip? (Laughter)

Q This passed me over. This is what he got back?

MR. CONNOR: Yes.

Q What was the figure?

MR. CONNOR: About \$11,000.

Q Can you give us the exact figure on that?

MR. CONNOR: No, I would have a hard time.

Yes, you could calculate it out, I guess, but I think that number was \$106,200 and deduct whatever he paid, whatever that Federal tax payment is.

MR. NESSEN: \$94,568.

Q Deduct the two of those so it is \$11,000 something or other.

Q Somebody said he had to pay a little more State. Do you have that figure?

MR. NESSEN: Well, it is hard to calculate exactly the State taxes. The \$11,941 is a combination of State taxes and local property taxes and sales taxes.

Q By \$11,000.

MR. CONNOR: Yes.

Q And the State --

MR. CONNOR: What he did was loan the Federal Government interest free \$11,000 for the calendar 1975.

MR. NESSEN: Where do we show his withholding in 1975?

MR. CONNOR: We did it on the last time we issued that form, Ron. That is the exact same form we issued the last time but you remember at the end of it there was a little footnote which said for 1975 the President had not filed his returns but here are the gross numbers, \$250,000 plus in income, \$106,200 withheld in Federal, so much withheld in State.

MR. NESSEN: All right. So this will be, hopefully the President thinks, a model for the degree of detail that all Presidential candidates ought to supply to the voters they are asking to elect them to office.

Q For a degree of detail -- what was that?

MR. NESSEN: The degree of detail for tax information that all candidates should issue to the voters they are asking to elevate them to the Presidency.

Q Ron, this is a very minor point but if you add the \$23,000 business expenses plus the medical, the contributions, the taxes and the other plus the \$204,000 taxable income, you should get the gross income but you don't.

MR. CONNOR: No. Add \$3,750 for the personal exemptions and then you will get it.

Q When you said about those personal exemptions, Mike does not live at home either.

MR. NESSEN: No, but Mike qualifies as a full-time student and, therefore, is qualified as an exemption -- not a deduction but an exemption.

Q But Steve neither was at home nor --

MR. NESSEN: Nor is a full-time student, that is correct.

Q Does the President support him? Does the President contribute to the majority of his support?

MR. NESSEN: Does he?

Q Yes.

MR. NESSEN: Yes, because he has got tuition and stuff and living expenses.

Q Is he going to cut down on his withholding this year because of the \$11,000 overpayment this year?

Q Will he take a trip after the election to get a bigger refund next year?

Q Ron, did you get any information on the Supreme Court housing decision?

MR. NESSEN: The Legal Counsel's Office has the Opinion and is studying the Opinion but it is going to be a while before we have anything to say about it.

Q Did he contribute to a political party?

MR. NESSEN: Of his choice?

Q One dollar write-off.

Q Ron, what is the DAR speech going to be about, do you know now?

MR. NESSEN: It is being prepared now in the Oval Office.

Q Do you have the text?

Q Foreign policy?

MR. NESSEN: Well, within about 15 minutes I ought to know what the speech actually looks like.

Q Will we get a text today, do you think?

MR. NESSEN: Hopefully.

Q Is that embargoed for 6:00 A.M.?

MR. NESSEN: I think we will do it on delivery.

THE PRESS: Thank you.

Mutual Fund Investments for Children

2/19/76 Post

F6

President Details Financial Affairs

By Edward Walsh

Washington Post Staff Writer

President Ford invests \$100 a month in a mutual fund for each of his four children and also buys a \$50 U.S. Savings Bond every month for each of his children, White House press secretary Ron Nessen said yesterday.

Nessen provided the information in attempting to explain why Mr. Ford was able to save almost nothing from the \$134,777 in take-home pay he earned last year, his first full year as President.

The question arose at the

could provide estimates of how much the President spends each month for his children's education and living expenses. Mr. Ford, however, claims each of his children as dependents for income tax purposes because he provides most of their support, Nessen said.

In addition to the investments and cost of his children's education and living expenses, the President's expenses, according to Nessen and other White House officials, include:

- An average \$800 a month food bill at the White

(two Jeeps and a 1971 Mustang) and three properties the Fords own and rent to others.

The properties—homes in Alexandria and Grand Rapids, Mich., and a condominium in Vail—account for \$210,000 of the President's estimated \$323,489 net worth. The properties are mortgage-free.

Nessen and other White House officials seemed somewhat annoyed yester-

day by additional questioning on the President's spending habits, pointing out that Mr. Ford's rival for the Republican presidential nomination, Ronald Reagan, has thus far failed to make anywhere near such a complete accounting of his financial status.

Reagan, the millionaire former California governor, has promised additional information on his finances.

This Copy For _____

NEWS CONFERENCE

#438

AT THE WHITE HOUSE

WITH RON NESSEN

AT 4:00 P.M. EST

FEBRUARY 12, 1976

THURSDAY

MR. NESSEN: We have just given to you a complete financial statement for President and Mrs. Ford, the top sheet of which is a summary of their income and the taxes they paid for the years 1966 and 1974. Also attached to this you will find a net worth statement as of December 31, 1975. This statement of their income and taxes paid and the other material was prepared with the help of the President's accountant, Mr. Robert J. McBain, of Grand Rapids, Michigan.

You will see on the primary table here, the first one, the year listed in the left column, next to that his gross income. That is all the money he made that year, each of the years.

Q Does that include the entertainment allowance of \$100,000 or not? Does that include it or exclude it?

MR. NESSEN: In the year 1974, it would be a year that included at least partially an expense allowance.

Q Isn't that answered in 1975 when it says \$250,000?

MR. NESSEN: Yes, \$200,000 income and \$50,000 expense allowance.

You see his gross income, which is all the money he earned in those years. The taxable income is calculated based on his deductions and the deductions, the main ones, are listed there in the next four columns; that is, medical deductions, his charitable contributions, the State and local taxes he paid and the interest payments he had.

The next to the last column shows you the amount of Federal income tax he paid in each of those years and the last column shows you the percentage of his gross income represented by those income taxes, rising to a total of 42 percent of his gross income paid out in Federal taxes -- I am sorry, all taxes and the 42 percent is the percentage of his gross income that was paid out in taxes.

MORE

#438

You see the percentage of his gross income paid in taxes for the previous years.

Q The State taxes would be for the previous years, wouldn't they, Ron? Deducted in 1974 it would be 1973 Michigan tax.

MR. NESSEN: To be taken as a deduction, they would have to have been paid the previous year.

Q Is 42 percent the average for taxable income of \$28,000 a year?

MR. NESSEN: Do you want my personal opinion?

Q Yes.

MR. NESSEN: I think it is probably generally agreed that he is paying a very large percentage of his income in taxes and that people in that income bracket normally don't pay that much.

Q Why is he doing it?

MR. NESSEN: He has no interest expenses, which are normally a large deduction for most people. He owns all his property outright, and his own personal philosophy is to not make any effort to find things that some people find to avoid taxes.

Q Is Mr. McBain a private accountant?

MR. NESSEN: A Certified Public Accountant.

Q Has he done the President's returns for a number of years?

MR. NESSEN: Yes, he has. If you will look on the last sheet there, which is a Xerox reproduction of some of his financial statements turned into the committees which confirmed him, you will see that Mr. McBain was his Certified Public Accountant back then.

Let me go on just here a bit and finish.

The President and Mrs. Ford's tax return for the calendar year 1975 has not yet been prepared. We do know his gross income for that year will be slightly above \$250,000. There were taxes withheld throughout the year for Federal taxes. They amounted to \$106,200.

In addition, another \$9,123 has been paid in estimated Michigan State income taxes and, of course, when his return is prepared sometime before April 15, his actual tax liability will be calculated and we will make those figures available to you at that time.

Maybe just a word about some of the other paper here, the net worth statement.

Q Before we leave that, did he spend all of the \$50,000 in allowable expenses on expenses or did he keep some of that as personal?

MR. NESSEN: That is calendar 1975?

Q Yes.

MR. NESSEN: That is something I will have to look into, Ted. I don't know the answer to it.

Q When he was a resident of Virginia, did he ever pay Virginia State income tax?

MR. NESSEN: My understanding is that his legal residence is in Michigan, and that is where his tax liability lies. I can check for you and find out.

Q Do they have a State income tax for Michigan?

MR. NESSEN: They do.

Q The gross income for 1975 is \$250,000 plus? That is the actual Federal income, is it not? What is the plus?

MR. NESSEN: The plus would be the rental for the three homes he owns.

Q Ron, if he makes \$250,000, as we all know he did last year, and all of his homes are paid for and he only has \$1,200 in the bank, could you give us any idea of what he did with all that money? That is a serious question.

MR. NESSEN: I don't know that all that much is left after his \$106,000 withholding and his estimated Michigan payment. Personally, I don't know what he spends his money on, but there is a good deal of expense connected with being President.

Mrs. Ford buys clothes, of course. He does. He pays for his meals. He pays for his entertainment expenses. He paid his own expenses, of course, and his family's expenses, on the various vacation trips during calendar 1975. He also had four children in college in one calendar year, and I think some of you know what that means in terms of expenses.

Q Ron, there are \$2,700 in interest payments in 1974. If he owns his property outright, does he have outstanding loans?

MR. NESSEN: He did have an outstanding loan, which he paid off, and this is the interest payment on the loan.

Q Can you tell us how many exemptions are on his income tax?

MR. NESSEN: He carries, as far as personal exemptions goes, six, one for each member of the family, and himself, and he provides more than 50 percent of the support for each of his children.

Q Including Mike?

MR. NESSEN: Including Mike and Gail.

Q He does provide more than 50 percent?

MR. NESSEN: That is correct, for each of his children.

Q Haven't you said before he paid for the 35,000 Christmas cards out of his pocket? How does that expense come in?

Q Is the Alexandria house rented?

MR. NESSEN: It is.

Q Are all three of the houses rented?

MR. NESSEN: I think the Vail condominium is rented off and on. The other two are rented.

Q On the 1973 statement here, it shows a note payable to the National Bank of Washington for \$3,200.

MR. NESSEN: That is the loan that was paid off in 1974 for which the large interest payment is shown.

Q How can you pay \$2,700 in interest on a \$3,200 loan?

MR. NESSEN: Let me check it for you and find out. I don't know the answer.

Q Do the President and Mrs. Ford have a joint checking account?

MR. NESSEN: I don't know whose names the bank accounts are carried in, Fran.

Q Is he allowed to keep any of the leftover from the \$50,000 if he does not spend it all?

MR. NESSEN: I will have to check on that. I don't know how that works.

Q Does the President think everybody should make public, every candidate for public office, should make public his financial statement?

MR. NESSEN: I think you were there, Helen, at the year-end interview. He was asked about that and he said he thought all candidates for public office should make their financial statement public.

Q How about the tax returns, the tax summary?

Mr. NESSEN: Yes. This he considers to be the central document of a complete financial statement, this breakdown of how much in taxes were paid and what the percentage of gross income was.

Q Does the President believe that all candidates should follow the same philosophy you described in terms of paying the rather high percentage of taxes without --

MR. NESSEN: I don't think he gives other people advice on how to manage their personal affairs. I think this was commented on, Jim, if I recall. I recall I covered the confirmation hearings, and I know there was some astonishment expressed there that he paid such a high percentage. He was asked why, and I think at that time he outlined his philosophy.

Q Prior to the confirmation hearings, do you know if he ever released his financial statements as a Member of Congress?

MR. NESSEN: I don't know his record in running for Congress.

Q Ron, according to these figures he paid more taxes in one month than Nixon paid the whole time he was in the White House. Has the President commented on the former President's tax returns or the philosophy he followed in filling out his tax returns?

MR. NESSEN: No.

Q Ron, in light of the fact that Governor Reagan has not disclosed to any extent at all, does the President believe this should be and will be an issue in the New Hampshire primary and other primaries?

MR. NESSEN: I don't think the President determines what the issues are, John. He said he was going to do this. He did it at his confirmation hearing in 1974. He promised to do it now. He has done it now, and he has expressed his belief all candidates should do it, but I don't think we ought to say what the issues are.

Q Why does he think all candidates should?

MR. NESSEN: Because I think you know his belief that public officers, public officials, are servants of the people, and he believes that the people have a right to know that their public servants are conducting ; their own personal finances in an ethical and legal manner.

Q Can you explain? Most of us, when we buy a house take 20 or 30 years to pay off the mortgage. Can you explain how the President owns three residences and has no mortgage expenses at all?

MR. NESSEN: As you see, he has acquired no property since he became President. In fact, he has acquired no property, I guess, since he bought the condominium in Vail. At the time of his confirmation hearing, he was asked that question and it brought out that he borrowed from his own life insurance, I believe, and I think borrowed from his children's savings accounts in order to pay cash for his properties.

Q He must have paid back the life insurance loans at least because that does not show up as a liability.

MR. NESSEN: You see since his liabilities are only \$1,200 he obviously has paid back all of his outstanding loans.

Q He paid cash for all properties he bought?

Q Why is he against mortgages? (Laughter)

Q Did he pay cash for all his properties?

MR. NESSEN: All three of the properties were paid off two years ago, when he had his confirmation hearings. My memory is that he paid cash for all of them.

Q The only increase in this from the past seems to be in the increased value of his property and his amounts in his various life insurance policies.

MR. NESSEN: That is correct.

Q That is the only increase, so he appears to have spent all the money that he earned as President in excess of fixed expenses.

MR. NESSEN: The primary increase in his net worth -- almost the entire increase in his net worth -- has been in the value of the three properties he owns, plus the couple of other minor items that Fran mentions. As I say, the retirement funds --

Q To what extent, if any, is the White House able to determine that the increase in the value of those properties was because he was President?

MR. NESSEN: It really is somewhat immaterial here, Jim. This is, obviously, an estimated value of the property. The real value, of course, is determined by how much it would bring if sold. The figure is immaterial. It does not really apply to anything. It is just an estimate.

Q Could you check his tax assessment in the three jurisdictions? That would be one way to do it.

MR. NESSEN: I will have to check on how the value was estimated, but as I say, it is somewhat irrelevant other than to give some sort of scope to the value of his property, but until it is sold you don't know what the real value is.

Q It would be very helpful if we could get just a ballpark figure on the profit made from the three rentals because that is, I suppose, almost clear profit because he has no mortgages on these.

MR. NESSEN: Quite the opposite, Walt. People who do own property know that the way you shelter the income from rental property is to have interest and high expenses, so really, if you don't have any expenses against your rental, it passes straight through the income and is taxed at the full income rate.

Q My question was, what are the rentals on those three properties?

MR. NESSEN: I don't have the figures, but I will check for you.

Q Ron, has he ever been to this cabin in South Branch Township since he has been President? Do you know who owns the other three-quarters of that?

MR. NESSEN: Does that show on the footnotes chart? It does not. I will have to check that for you.

Q Who is the present owner of the Ford Paint and Varnish Company?

MR. NESSEN: The ownership of the Ford Paint and Varnish Company is passed to stockholders other than any members of the Ford family. They own bonds in that, but the stock of the company is owned by others.

Q Ron, the President is not going to make public any of his expenses for the past year, is that correct?

MR. NESSEN: You mean the phone bills and the clothing bills?

Q His taxes and expenses in operating.

MR. NESSEN: You are certainly going to have his taxes.

I said as soon as his return is filed, we will give you the figure of tax payments.

Q But you won't show the item-by-item deductions?

MR. NESSEN: You have them through 1974, Fran, and as soon as the 1975 returns are prepared, you will have another line on this chart which reads 1975 with gross income, taxable income, et cetera.

Q There are things we don't have that we would have in a return-- for example, deductible expenses. \$50,000 is a figure that is spent out of that as a deductible expense, and that would apply also to the last several months of 1974.

Q It is an expense allowance?

MR. NESSEN: Yes.

Q I think your view is if you calculate that back out yourself it seems to be a relatively small number by adding up the deductions and then by adding on a figure for personal exemptions and the remainder is some kind of expense allowance or some kind of expense item. I think you will find if you go through each of those there is not very much of a reminder.

MR. NESSEN: Let's take 1974. If you take \$174,000 gross income and \$128,000 taxable income, you have a difference there of \$19,000. Now, take his deductions shown here, which add up to \$14,000, so we are looking for \$5,000 more.

Now, you take personal exemptions, \$750 times six members of the family, which adds up to \$4,500, you are up to a matter of several hundred dollars in other deductions.

Q Ron, the value of the President's stock-holding went down during the period since his last report.

MR. NESSEN: A not uncommon occurrence these days.

Q Does he still hold the amount of the same stock?

MR. NESSEN: Exactly the same stock, whose value has declined as of December 31. If you recall, there was a little increase in the market since December 31.

Q Charitable contributions -- \$5,000 a year is the biggest in 1974. Where did that go?

MR. NESSEN: The bulk of those include small contributions to a large variety of charities, no single larger charity. By way of example, but not meant to be exclusive, things like the Boy Scouts, Red Cross, the Cancer fund, those kinds of things.

Q Does he have any savings bonds? I recall he pledged to buy some. (Laughter)

MR. NESSEN: My understanding is each time they have one of those savings bonds drives, he buys the bonds in the name of his children.

Q How does he get paid? Does he get paid by the month or every two weeks?

MR. NESSEN: Every two weeks.

Q Does it sound right to you from looking at those figures that the President has not been able to save any money out of his salary as President?

MR. NESSEN: From the net worth chart, it appears he did not save any money last year. That sounds right to me.

Q He contributed to the pension fund.

MR. NESSEN: The gross income includes large contributions to his pension fund. So, that is a form of savings.

Q Ron, the President made a \$500 contribution to the fund that built the pool. Does he list that as a charitable deduction?

MR. NESSEN: I am not sure whether that contribution qualified as a tax deductible item.

Q The President indicated he made public the income tax returns, not just the summary. Why did you decide not to do the same?

MR. NESSEN: I am not sure we ever thought about it. We took all the information and put it in chart form, which contains really all the figures from the tax return.

Q Ron, who does he owe the \$1,200 to?

MR. NESSEN: Those are your basics. It is a month's accumulation of bills he has not sat down and written checks for.

Q What is that third thing under securities?

MR. NESSEN: That is a mutual fund that Mrs. Ford, I believe, has had for quite a long time, and of course I know it has not been added to for years.

Q Ron, the medical deductions in 1970 and 1971 are quite a bit higher than they were in any other year.

MR. NESSEN: Yes.

Q Can you explain that?

MR. NESSEN: I don't know what occurred that year that would have caused his medical bills to be that high.

Q His operation.

MR. NESSEN: That would have been in 1974 and would have been covered by Government hospital insurance or else paid for by the Government.

Q Ron, has he ever been audited?

MR. NESSEN: I think most of you remember that during his confirmation hearings his returns for each year -- 1966, 1967, 1968, 1969, 1970 -- for six years -- were audited as part of the confirmation hearings. The IRS audited his returns for the six years prior to the confirmation.

Q That was his confirmation for Vice President.

MR. NESSEN: Vice President, that is correct.

Q Why was this done a year ago?

MR. NESSEN: What do you mean?

Q Was this done in the last year?

MR. NESSEN: No, it was not. This is an updating, really, of what was presented at his confirmation hearing.

Q Why is it being done now?

MR. NESSEN: Because he promised to do it in the context of candidates making public their financial statements.

Q Just to follow that, he thinks candidates ought to do this because people have a right to know if they are conducting their private affairs in an ethical manner?

MR. NESSEN: Correct.

Q Does he think if they do not make this public the voters can induce an adverse opinion of them?

MR. NESSEN: Ted, I am not going to go into that. He is responsible for himself, and he has done what he promised to do.

THE PRESS: Thank you, Ron.

END (AT 4:25 P.M. EST)

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