The Observer & Eccentric

business

Barry Jensen coordinator/591-2300

Thursday, July 21, 1983O&E

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Utilities have advantages

Public utitility stocks used to be among the most popular low-risk investments. No one expected these stocks to substantially go up in price, but you could always depend on them for safe, consistent yields.

Then came the '70s — a decade of inflation, environmentalism and hostile government regulators.

These forces dimmed share prices — and the enthusiasm of prospective buyers for all utilities issues.

TO HELP THE power companies attract investors' capital, in 1981 Congress gave their stocks a novel appeal as a tax shelter. Now, when you buy shares in most of the large electric utilities, you can reinvest dividends automatically, often in stock the company offers at a 5-percent discount.

The IRS lets you exclude up to $1,500 a year for a married couple filing jointly of these reinvested dividends from your taxable income.

There is no tax on the dividends until you sell the stock. So long as you hold your shares for more than a year, the earnings are taxed at a long-term capital gains rate instead of the ordinary income rate that usually applies to dividends.

THERE IS MORE to recommending utility stocks than preferential tax treatment. In most states, the regulators have eased up a bit in recognition of the companies' need to earn more profit. The decline in oil prices and interest rates should help energize stocks further.

Utilities' dividends average 10 percent of their share price, a considerably better return than you can get now on taxable money market funds.

Tax-managed funds give you another way to invest in utilities' high dividends without increasing your tax burden. These funds, sold through brokers, are similar to mutual funds except that they reinvest all dividends and capital gains and make no distribution to share holders.

INVESTORS TAKE THEIR profits in the form of an increase share price when they sell out. If they have held their stock for more than a year, the profits are taxed at the long-term gains rate.

A tax-managed fund shelters profits this way because it is a corporation. Like all corporations, it pays no tax on 85 percent of its income from stock holdings. Deductible business expenses offset the remaining 15 percent. An ordinary mutual fund is not a corporation and must distribute 90 percent of its profits or pay tax.

You should carefully analyze your own portfolio and investment needs before investing in utility stocks.

finances and you
Sid Mittra

EDUCATIONAL SEMINAR: The Observer & Eccentric Newspapers and I will conduct our next financial planning seminar 8-9:30 p.m. Wednesday, Aug. 3, at the Michigan State University Management Center, Troy. Subjects may include: Budget analysis, children's education, tax shelters, stocks and bond investments, wills and trusts, financial independence, inflation problems, interest rates, mutual funds, and estate planning. The seminar is free, but registration is required. For more details, call 643-8888.

Sid Mittra is president of Coordinated Financial Planning Inc. in Troy and a professor of economics at Oakland University in Rochester.

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● **SMALL BUSINESSES**
Monday-Tuesday, July 25-26 — Two identical seminars on selling products and services to the government will be 8:30 a.m. to 3:30 p.m. each day. Monday's seminar will be at Lawrence Institute of Technology in Southfield. Tuesday's seminar will be at Oakland University in Rochester. Fee is $15. For more information, call Delores Messing, manager of the Oakland County Business Assistance Center, at 353-1757.

● **COMPUTER GRAPHICS**
Monday-Friday, July 25-29 — "Greater Productivity Through Computer Graphics" will be the theme of Siggraph '83, the annual conference of computer graphics at Cobo Hall. An exhibition will be Tuesday-Thursday, July 26-28, at Cobo. The conference and exhibition is sponsored by the Association for Computer Machinery.

● **SELL TO GOVERNMENT**
Monday, July 25 — How to sell to the government seminar *1:30-3:30 p.m. at Law*rence Institute of Technology in Southfield. $15 registration fee. Sponsored by Oakland County Chamber of Commerce. To register, call 353-1757 by Wednesday, July 20.

● **FINANCIAL PLANNING**
Tuesday, July 26 — Mariner Financial Services will present a seminar on the many aspects of financial planning 7-9 p.m. at the Kingsley Inn in Bloomfield Hills. For further information, call 424-8990.

● **SMALL BUSINESS CLASS**
Tuesday, July 26 — A free introductory class on how to start or run a small business will begin at 7 p.m. at the Somerset Inn in Troy. The class is sponsored by the professional development division of Wayne State University. At the end of the workshop, participants may enroll in any of three 18-hour classes scheduled to begin the next week. For more information, call 577-4353.

● **WOMEN ACCOUNTANTS**
Tuesday, July 26 — Carol Corbeill will discuss "Strategies for Success" at the American Society of Women Accountants dinner meeting at Merrick's in Southfield. The meeting begins at 6:30 p.m. Any woman interested in accounting may attend. For more information, call Gerry Doot, 833-0710.

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● **REAL ESTATE INVESTMENT**
Wednesday, July 27 — Landsing Realty will present a seminar on real estate investments for individuals, pension funds and IRAs from 7-9 p.m. at the Kingsley Inn in Bloomfield Hills. For further information, call 540-9355.

● **BUSINESS WOMEN MEET**
Wednesday, July 27 — The American Business Women's Association, Motor City charter chapter, will meet at 6 p.m. at the University *Club in Detroit*. Reservations, at $13 each, are needed. For more information, call Lois Buck at 837-6272.