marketplace

G. Temple Associates Ltd. of South-field and Transaction Storage Systems, a manufacturer of magnetic storage media, have formalized their market-ing program.

Mall Boxes Etc., USA has opened a store at Mulrwood Square in Farmington Hills. The store handles a variety of postal, business and communication services and will ship through UPS, Federal Express, Burlington Express, Federal Express, Durlington Express, Greyhound or trucking companies. The telephone number is 477-6112. The address is \$3552 Grand River.

. The Petrolis Corp. of Bloomfield Hills has agreed to be acquired by Wicklund Petroleum Corp. Petrolia Corp. is an oil and gas exploration com-pany.

Cross & Trecker Corp. of Bloomfield Hills and Allied Corp. have entered into an agreement in principle providing for Cross & Trecker's purchase from Allied of the assets, liabilities and busi-ness of Allied's Bendix Automation Sys-tems group. The agreement in princi-ple had been approved by the boards of directors of both companies.

Continental Cablevision has opend a new eastern Michigan regional office in Suite B, 23999 W. Ten Mile Road, Southfield. The new telephone number is 827-7330.

Price Productions Inc. of Beverly

Hills, a new entertainbment and mar-keting communications company, of-fers creative and production services nationally for live shows, TV and film. The telephone number is 647-6705.

Zymet Inc., an affiliate of Eaton Corp., has opened a regional sales off-ice at 34746 Bunker Hill Drive, Farm-ington Hills. The new telephone num-ber is 553-8520.

The John Kest clothing store in West Bloomfield is collecting used clothing through Tuesday, March 13. All cloth-ing collected in the large barrol at the store will be donated to the St. Vincent de Paul Society, which provides cloth-ing to needy persons in metropolitan Detroit.

Phase I of the renovation of the Tel-Twelve Mall in Southfield is nearing completion. The cornerstone of Phase K is the construction of The Restau-rants on Main Street in the north wing of the mall. It is scheduled to be open in early March. The renovation is being handled by Ramco-Gershenson, a na-tional shopping center developer based in Farmington Hills.

United Savings & Loan is scheduled to open this morning at 31731 Noethwestern Highway at Middlebett in Farmington Hills. The telephone number of the new thrift institution is 855-0550.

La Pump, a high fashion women's shoe store, opened Monday, Feb. 8, in the Boardwalk shopping center on Or-chard Lake Road just south of Maple Road in West Bloomfield. The tele-phone number of the new store is 851-6777.

Party Line telephone center has relo-cated its office/showroom in the Franklin Office Center at 28386 Frank-lin Road in Southfield. The telephone number remains 352-2828. Party Line sells telephones for home and business use.

The Auto Triom Products Division of United Technologies Immont Corp. has been transferred to United Technologies Automotive in Troy.

Industrial Magnetics Inc. of Troy has signed an agreement with Simon-Day Ltd. of Winnipeg, Manitoba, to manu-facture and market all Industrial Mag-netics' products in Canada.

Right Associates of Birmingham has opened international offices in Englishment of the Company of

Return of capital is a plus

About two years ago, we invested in a utility company with an above average rating by both Value Line and by Standard and Poors. The stock has performed satisfactorily with regard to both dividend and appreciation, but recently the company has designated a substantial portion of the yearly dividend as a Return of Capital, and tax free.

the state of the property dividence as a Feturn of Capital, and tax

if do not know what the company
gains by this practice, but there appears to be no advantage whatsory way
us, sleec the first \$1,500 in utility dividends is already tax exempt, and we
are will below that figure.

The stock currently yields about 13
percent, and if the return of capital is
continued as the present rate, our original cost of purchase would decline to
zero in seven to, eight years.

We should greatly appreciate any
further information you can give us on
the consequences to the stockholder of
receiving a return-of-capital dividend.

The "return of capital" part of a utility dividend results from an accounting treatment of capitalized construction costs permitted by the government. It is of benefit to the shareholder in two ways: (1) It postpones taxes on the dividend until the stock is sold, and (2) It makes it taxable at "capital gain" rates.

rates.

It is important for you to know that you do not have to report the "return of capital" part of the dividend as return of capital. You can report the full divi-

I today's investor

Thomas E. O'Hara
of the National Association of Investment Clubs

ing tine \$1,500 utility exemption, that would be the way to go.

If you had less than \$100 in total div-idends (\$200 for married couples), you would have another situation where you would want to report the dividend as ordinary income.

I've read your manual on investing, and you frequently tell people to invest regularly. Please explain the advan-tage.

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ge cost per unit.

Hardly anyone has the skill to guess when the best time to invest is. If individuals are left on their own, they usu-

dend us an ordinary dividend, and when you do that, you do not have to reduce the tax cost of your investment. In your situation, where are you using the \$1,500 utility exemption, that could be the way to \$60.

If you had less than \$100 in total dividends (\$200 for married couples), you would have another situation where way usually want to record the dividend tests.

ness.

Thomas E. O'Hara of Bloomfield Hills is chairman of the board of trustees of the National Association of Investees of the National Association of Investees of the National Association of Investees and editor of Better Investing magazine. O'Hara welcomes questions and editor of Better Investing human them only through; this column. Readers who send any questions on a general investment; subject or on a corporation with broad investor interest and whose questions are used will receive ut free, one-year subscription to Better Investing O'Hara will send a free copy of Better Investing the send as free; copy of Better Investing in investment; clubs to any reader requesting it. Send 30 cents for pastage and write Today's Investor, P.O. Box 220. Royal Ook 48088.

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