beat inflation, fight taxes Plan income

By Christopher Bush special writer

The main goal of investing and fl-nancial planning is to beat inflation and reduce taxes," according to Gerald Narris, account executive of E.F. Hut-

rours space at a mancial-planning schinar sponsored by the Farmington Public Library at the Farmington Hills Branch on 12 Mile Road recently. Narris listed three methods to follow the Theat inflation/reduce taxes" strat-

egy.

• As soon as possible, move any
money held in savings accounts, which
paylonly 5-percent interest, to NOW
and thosey market accounts which pay

and Thosey market accounts which pay might higher interest.

—Convert Ordinary Income (OI), which is a person's regular income, into Logh-Term Capital Gains. Long-Term Capital Gains are stocks, boots, helf for more than one year and one day. LTCG are important became they are taxed at a lower rate than Of; for each dellar is OI, the maximum tax is 50 cents, for each dellar in LTCG, the maximum tax is only 10 cents.

— Know the changes in tax laws. Norris placed the "beat infiation/reduce taxes" strategy at the bottom two thirds of a three-part "investment pyramid."

At the very bottom third are invest-ments designed to "preserve your capi-tal assets;" such investments are sav-

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ings/checking accounts, CDs, retirement programs and life-insurance poli-cies (cash value). In the middle third are "growth vehi-cles," such as stocks and boods, person-al property, mutual funds and T-Bills. At the top third of the pyramid are "speculative" investments, such as pre-cious metals and commodities.

NORRIS RECOMMENDED that in-dividual investors start at the bottom of the pyramid and move up. He sug-gested that investors put 10-20 percent of their investors put 10-20 percent assets' portion at the bottom third of the pyramid.

ramia. estora should place 60-80 percent Investors should place 60-80 percent of their investment into the "growth vehicles" in the middle third of the pyramid, he said. Only 10-20 percent of their investment should go into "speculative investments" — "burn money"

lative investments — born money' and that people should only invest here if they can afford to lose. In order to maximize earnings from this pyramid, the key is financial planning, Norris said.

He passed out some statistics that pointed out the importance of financial planning.

93 percent of men at 65 who have failed financially said it was because of lack of financial planning.
 75 percent of people who reach age 65 are dependent on relatives or

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fewer men are worth \$100 at age
65 than at age 18.
 85 percent of people reaching age
65 don't even have \$250.
 only 1 percent of those involved in
stock market trading make money —
95 percent lose and only 2 percent
break even.
Nervis said that financial planning.

break even. Nortis said that financial planning Could help investors avoid these disastrous statistics. Nortis pointed out that financial planning first involves you as an individual and where you are in life.

nancias planning tirst involves you as an individual and where you are in life.

FOR EXAMPLE, individuals in their 20s want growth investments whereas people at retirement are looking for income Any financial planning. Norris sald, must start with the individual's investment goals, whether retirement, growth, educating children, travel, etc. Along that line, he passed out a "Personal Planning Data Sheet" to help individuals sit down and do an analysis of their investment objectives. Then there is the matter of selecting a financial adviser. Norris recommended that individual investors seek out professional ndvice instead of doing it on their own. Norris advised the audience to use a "referral" system in locating a qualified, reliable financial planner. This "referral" system operates simply; someone you know recommends their financial adviser to you.

Michigan does certify financial advisers, Norris said. Such certified advisers, Norris and CPP for Certified Financial structures are called CPP for Certified Financial structures.

the audience that certification is not that important in and of liself; certifi-cation only involves "taking some classes," and individual investors should not place too much emphasis on

the title.

Along with the "referral system" and
CFP, Norris advised the audience to
make sure their financial planner "asks
all the right questions. Norris explained that a bona fide financial
adviser, before giving advice, will want
to ask you questions about your partic-

ular financial situation. If your adviser doesn't ask such questions, Norris cautioned, then find another adviser. Norris added thast above all, an investor should be comfortable with his/her financial planner.

Throughout the evening, Norris—who passed out 10 information sheets as well as made use of both a flip chart and a slide projector—way several.

and a slide projector — gave several financial tips. He was enthusiastic about mutual funds but cautique on bonds. He gave the audience a chart on compounding interest they could use

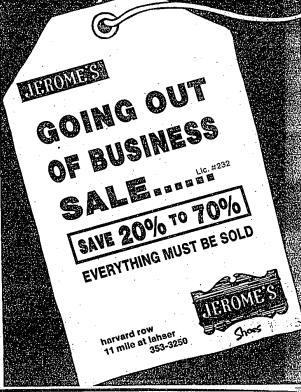
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for their own personal calculations:

Bill Jenkins, the library official who co-ordinated the seminar, said Farmington Library has a program of 4-6 ft. nancial seminars throughout the year. The next scheduled seminar is Julied Conservative Investment and their Conservative Investment and Indian Conservative Investment and Indian Conservative Investment and Indian Conservative Investment Conservative Investment









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