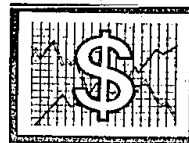


# Business

Barry Jonson editor/591-2300



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## Check mutual funds for these hidden charges

Today the selection of mutual funds is complicated by a number of hidden charges that both load and no-load funds can make.

Here are some factors to be aware of in both the traditional and the newer charges:

**LOADS** — The typical 8 1/2-percent fee on each new investment in a fund usually drops by a few percentage points as investments go about \$10,000 or \$25,000.

Some loads are only 4 to 7 percent. "Low load" funds charge 1 to 3 percent. If you pay an 8 1/2-percent load on, say, a \$1,000 purchase, \$85 is subtracted and \$915 invested.

Thus the real commission is 9.3 percent (\$85 divided by \$915).

Load funds do not charge a commission on reinvested capital gains, but some do on reinstated dividends.

**12 B (1) PLANS** — In the late '70s, a few no-load funds persuaded the SEC to allow them to levy an annual percentage charge, up to as much as 1.25 percent of the funds' net assets. That is a drain out of the invested capital of all the funds' members.

Initially, the charge was only 1/10 percent and was used for advertising. But now some funds charge 1 percent or more and use part to pay sales commissions of up to 4 percent to brokers.

Some funds do this and still describe themselves as "no load" funds. Load



### finances and you

**Sid Mittra**

funds also are beginning to make these charges.

**BACK-END LOADS** — These are redemption fees. Some funds charge 1 percent whenever you cash in your shares. Others make a so-called contingent deferred sales load (CDSL) of 4 or 5 percent if you redeem the first

year you are in a fund and one percentage point less in each subsequent year until the fee reaches zero. The SEC's position is that funds with CDSLs are not no-load funds. Many management firms have kept away from such charges.

**EXPENSE RATIO** — This is the cost

of operating the fund expressed as a percentage of the net-asset value.

Most of the fee goes to pay the investment advisers. The balance is for preparing, and distributing prospectuses, financial reports and proxy statements and for directors' fees. It may or may not include a 12 b (1) charge.

Many funds charge expense ratios as low as 0.5 to 0.7 percent, but one mutual-fund manual found that the average ratio for the stock funds it listed was 1.12 percent and 1.02 percent for bond funds. Some ratios range up to 4 percent or more.

If you are interested in investing in mutual funds, investigate before you sign on the dotted line. Better still, con-

sult your financial planner who is knowledgeable about such funds.

"WHAT CAN You Do Now to Benefit from the Proposed Tax Changes?" Is the main topic for a seminar to be conducted by the Observer & Eccentric Newspapers and the Coordinated Financial Planning staff. The seminar will be held 7-9:30 p.m. Tuesday, Nov. 12, at the Kingsley Inn, Bloomfield Hills. The seminar is free, but registration is required.

Call 643-8888 for registration. Sid Mittra is director, personal financial planning program at Oakland University and president of Coordinated Financial Planning Inc. in Troy.

## business people

D.J. "Jerry" McKeon of Birmingham has joined Snyder, Kinney & Bennett Inc. Realtors as executive vice president and manager of the Birmingham office. McKeon was Realtor-associate in 1981.

John L. Gardon has joined Akzo Coatings America Inc. in Troy as vice president of research and development.

Lewis H. Aronson has been named manager of personnel planning at Rockwell International's Automotive Operations in Troy. James G. Cardillo has been named manager of Rockwell International's Fairfield, Iowa, plant.

Michael Morin of Bloomfield Hills has been named senior vice president of Yaffe & Co. in Southfield. Morin has a degree in marketing from the University of Detroit.

Stephen J. Duczynski has been named vice president-director of development at Schostak Brothers & Co. Inc. in Southfield.

Taki J. Anagnostos has been named vice president, quality assurance at Akzo Coatings America Inc. in Troy.

The following persons have been named to positions at McCann-Erickson in Troy. Andrea DePetris has been named account supervisor General Motors Overseas Distribution Corp.-International Export Sales; Roxanne Blaquiere to account executive; and Robert Kelman has joined McCann-Erickson as account executive, collateral group.

Matthew J. Ritzik of Birmingham has been named a partner at Coopers & Lybrand.

William F. Rebone of Bloomfield Hills has been elected president of the Construction Industry Manufacturers Association. Rebone will head the 30-member CIMA board of directors in 1986.

Larry Glanz of Southfield has been named controller at Souton's men's apparel stores.

W. Dale Compton of Birmingham, will retire Feb. 1 as vice president — research for Ford Motor Co. He will become senior fellow in the National Academy of Engineering. Compton was appointed to his present position in June. He has headed Ford's principal research organization and has contributed to advances in engine and engine controls design.

Daniel P. Markey has been named a principal of Follmer, Rudzewicz & Co. certified public accountants in Southfield.

Susan Oiler has been named marketing executive for the Detroit area at Decorating Den in Birmingham.

The following persons have been named to new positions at Selective Electronic Inc. in Troy. They are Ronald F. Miller to Midwest Opticator sales engineer and Richard C. Hunt, applications engineer.

William M. Oakley Jr. has joined Manix Inc. in Birmingham as an estimator/project manager.

Douglas E. Busbey, a partner with



Morin



Duczynski



Rebone



Compton

Schlusel, Litton, Simon, Rands, Kaufman, Galvin & Jackler law firm, has been elected to the 12-person board of the National Association of Community Leadership Organizations.

Terry J. Robinson of Farmington Hills has been named corporate banking officer, metropolitan corporate banking department at Comerica Bank-Detroit.

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