

Proper planning produces monthly income

By Sid Mittra
special writer

Contrary to the commonly held belief, an infinite variety of planning opportunities exist for the creative financial planner. Here is an example.

Recently, a prominent CPA provided us with the following case: Mrs. Betty Client, age 41, is a widow. Her husband left her with just \$45,000. Her marginal tax bracket is negligible. Her current income from Social Security and an unidentified source is \$400 per month.

Betty is extremely nervous about losing the principal, and she does not want to give up the liquidity of her capital. Yet, she needs an additional income of \$100 per month. In short, the situation to her seemed almost hopeless.

TRANSCENDING THE details, we will report here the key planning steps.

Step 1: Since Betty's marginal tax bracket is low, discard tax-deferred



finances and you

Sid Mittra

Investments.
Step 2: Since Betty is risk averse, concentrate on corporate bonds rather than stocks.

Step 3: Select long-term bonds rates A or better by S&P's and Moody's.

Step 4: Since Betty wants regular monthly income but a corporate bond makes coupon payments only every six months, find six corporate bonds with staggered coupon payment dates so Betty would receive income on a monthly basis.

Step 5: Find the highest yielding corporate bonds so Betty will receive monthly income of no less than \$300 (specified by her).

THE RESULTS of the five-step

planning process are presented on the accompanying table. Clearly, the resultant portfolio meets all her needs.

Educational seminar: "1987 - A Year of Unprecedented Opportunities." The seminar, sponsored by Observer & Eccentric Newspapers and Coordinated Financial Planning Inc., will be 7:30 p.m. Tuesday, March 17, at the Kingsley Inn, 1475 N. Woodward, Bloomfield Hills.

For more information or reservations, call 643-8888.

Sid Mittra is director of certificate program in personal finance at Oakland University and president of Coordinated Financial Planning Inc.

rating	amount	bond	coupon	maturity	price	yield to maturity
A/A	\$9,000	Penn Pwr Lt 1st	7.5	01/01/03	93.375	8.25
AA/AA	7,000	Iowa Pub Svc	8.75	08/01/08	104	8.35
A/A	7,000	Gulf Pwr 1st	8.375	03/01/07	100	8.38
A/A	7,000	Houston L P 1st	8.375	10/01/06	100.125	8.36
A/A	7,000	Pacific P&L 1st	8.875	11/01/07	103	8.56
A/A	7,000	PAC Gas EI 1st*	8.65	01/01/20	103.25	8.38
		*pays June and Dec. 1st				
44		monthly check	8.379	08/14/08	100.295	8.37
23		bi-monthly odd	8.185	09/26/05	98.321	8.39
21		bi-monthly even	8.592	10/11/11	102.458	8.38
Average check: \$307						

focus: small business

Mary DiPaolo

Musts: management, capital and location

For every two new businesses that start up in a given year, one will fail within the first five years of operation.

The primary reasons for small business failure include: (1) lack of management experience and capability, (2) lack of capital to support the business to the point of profitability, and (3) poor location.

This information comes from the Small Business Administration based on a study of small business failures nationwide. There is no greater tragedy than the business owner who realizes too late that major problems could (and would) have been avoided through proper preparation and planning.

There are a number of publications available to the individual interested in beginning his or her own business. Some of these publications take the form of "checklists" (such as the SBA's "Feasibility Checklist of Starting a Small Business") to assist the entrepreneur in evaluating his or her business idea. The SBA's Checklist (Management Aid Number 2.02) has been designed "to help screen out ideas that are likely to fail before you invest extensive time, money, and effort in them."

Presented in this publication are a series of questions with the purpose of answering the following: "Can I start up and enjoy small business ownership/management?" "Can I handle the physical, emotional and

financial strains of a new business?" "Does my idea meet the basic requirements for a successful new project?" "What is my desired level of income and/or profitability?" This checklist is highly recommended and may be obtained free of charge by contacting any local office of the SBA.

The Michigan Department of Commerce also publishes and makes available free to the prospective business owner its "Guide to Starting a Business in Michigan." This is an excellent reference manual that presents in easy-to-understand terms all planning and development considerations affecting new business startups in this state. The guide has been designed "to ease a person's entry into the business world, outlining as clearly as possible many of the issues and questions facing prospective entrepreneurs." The guide may be obtained by calling toll-free in Michigan 1-800-232-2727.

There is no substitute for being informed of what it takes to successfully start up and operate a new business venture. To overlook the abundance of resources providing this information could be both foolish and costly.

Mary DiPaolo is the owner of MarkeTrends, a Farmington Hills-based small business consulting firm. She is also producer and host of the radio television series, "Focus: The Small Business Environment."

business people

Kevin Doyle was promoted to account executive for Baker, Abbas, Cunningham & Klepinger Inc. in Birmingham.

Stephen R. Fairbanks and Michael A. Jones both of Troy, have been elected to the office of vice president for Kolon, Blittker & Desmond, an advertising firm in Troy. Both men previously served as account supervisors.

Lisa M. Eilan of Farmington Hills, was promoted to assistant director of sales at the Novi Hilton. Eilan joined the Novi Hilton before its opening in 1985 as sales manager responsible for corporate sales.

Laura Price of Bloomfield Hills was named vice president in the western metropolitan regional banking division of the National Bank of Detroit. Price has worked at NBD employee for four years as a commercial loan officer.

Frank M. Samson of West Bloomfield was promoted to the newly created position of regional vice president North Central region at Rosenbluth Travel Agency Inc. In this position, he will be responsible for the overall operation and sales/marketing functions for Rosenbluth in the north central area of the country.

Richard W. Spicka was elected vice president and controller for Roseman Corp. of Birmingham. Spicka was formerly corporate controller for Highland Superstores and has served in similar positions for 19 years.

Nick R. Cipponeri of Farmington Hills has announced his retirement as supervisor of Ford Motor Co.'s



Doyle



Fairbanks



Jones



Eilan



Price



Samson

Michigan food service operations. Cipponeri, a native East Detroit, joined Ford 46 years ago as a busboy. Today, his responsibilities include the overseeing of 25 cafeterias, 19 dining rooms, an executive dining facility, a sandwich shop and a food preparation center. After his retirement he will remain with Ford as a consultant for labor relations.

Pamela Edwards was promoted to group director of branch operations of Kelly Services at the corporate headquarters in Troy. Edwards joined Kelly Services, a temporary help company, in 1977 as a supervisor in Texas.

Thomas E. Schriver, employed with Guaranty Federal Savings Bank, was promoted to assistant vice president, business development officer. Schriver also manages the Farmington Hills office.

Judith C. Solomon has begun work at Catalo Associates of Birmingham as a junior designer. Jackie Deeb has joined as a junior designer/procurement. Karen L. Williams and Mary A. Mastar joined as librarians.

Robert B. Sellers, president of Bob Sellers Pontiac-GMC, Farmington Hills is among 20 automobile dealers from throughout the United States



Gedrick



Spiegel



Maier



Mininger



Spicka



Cipponeri



Edwards



Schriver

and Canada to be recognized for their contribution to education "for improvement of business and society. His dealership has contributed vehicles to the Farmington Hills driver training program.

Hugh L. Gedrick, who works for the Complete Appraisal Co. of Southfield, received the senior member designation from the American Society of Appraisers in real estate/residential. Gedrick, who also holds the business valuation/intangible properties designation, is one of 89 people in the world holding two designations from the group.

Carolyn A. Peters joined Birmingham Bloomfield Investments Inc. in Bloomfield Hills as vice president and associate broker.

James A. Hack, general manager

of the Hack Shoe Co., joined a group of prescription shoe retailers on a trip to New Zealand.

Ann Fenner Spiegel joined the sales force at the Max Brook Inc. Realtors Birmingham office. Spiegel was vice president of Batus and Fenner Inc., in Orlando, Fla.

Andrew W. Maier of Birmingham joined Hoss Roy Inc. advertising agency as account administrators.

Tom P. Mininger of West Bloomfield was named local sales manager for WRIF Radio. Mininger assumes his new responsibilities after almost 5 years as a WRIF account executive.

David H. Lasek joined the auditing and accounting division of Gordon & Co., a Bloomfield Hills certified public accounting firm.

datebook

● **ON-SITE MANAGEMENT**
Friday-Saturday, March 6-7 - "Successful On-Site Management" offered from 8 a.m. to 5 p.m. in Bloomfield Hills. Fee: \$25. Information: Barbara Carron, 352-0202. Sponsor: Institute of Real Estate Management.

● **WOMEN IN BUSINESS**
Saturday, March 7 - "Professional Development for Women" will be offered from 9 a.m. to 4 p.m. in Birmingham. Fee: \$30. Information: 644-5832. Sponsor: The Community House.

● **SMALL BUSINESS**
Saturday, March 7 - Free small business management workshop begins at 10 a.m. in Troy. Information: 542-4220. Sponsor: MSU school of business, Small Business Management School.

● **GRE PREPARATION**
Saturdays, March 7-April 4 - Graduate record examination preparation workshops held from 9 a.m. to 12:30 p.m. most Saturdays in Rochester. Fee: \$95. Optional mathematics refresher: \$35. Information: 370-8120. Sponsor: Oakland University.

● **BUSINESS BREAKFAST**
Tuesday, March 10 - Joe Stroud of Detroit Press Presses offers business breakfast 7:30-9 a.m. in Birmingham.

mington. Non-member fee: \$10. Information: 644-1700. Sponsor: Birmingham Bloomfield Chamber of Commerce.

● **BUSINESS COMMUNICATORS**
Tuesday, March 10 - International Association of Business Communicators meets at 8 a.m. in Southfield. Information: Lili Donaldson, 354-7450.

● **BEGINNING COMPUTER**
Tuesdays, March 10-31 - "Computer for Beginners" will be offered 7-9 p.m. in Bloomfield Hills. Fee:

\$50. Information: 645-3835. Sponsor: Cranbrook P.M.

● **SMALL BUSINESS**
Wednesday, March 11 - Free small business management workshop begins at 7 p.m. in Troy. Information: 542-4220. Sponsors: MSU school of business, Small Business Management Schools.

● **FINANCIAL PLANNERS**
Wednesday, March 11 - International Association for Financial Planning meets at 7:30 a.m. in Southfield. Information: Cynthia Boeler, 646-0064.

Continued from Page 1

sells to be "densified" to permit conventional shallow foundations for the buildings.

SME also won a merit award for a corrosion study and laboratory analysis which is credited with saving Northern States Power from installing a multi-million dollar cathodic protection system on their power transmission towers.

● Giffels Associates of Southfield received an Honorable Conceptor award for its design of the cogeneration system at the Ford Motor Co. Rawsonville plant. The factory uses a fabricated natural circulation heat recovery steam generator and the use of a duct burner to permit additional fuel firing to triple the unfired steam production rate. The heat recovery generator can then be used for 90 percent of the plant's steam needs.

● The Oakland County Road Commission and Hampton Engineering, Pontiac, won merit awards for the nation's largest cold-in-place asphalt recycling project resulting in a savings of more than 45 percent over conventional reconstruction. More than 40 miles of two-lane roads were recycled and overlaid within three months. Holloway Construction Co. of Wilcox completed the project without having to create a single detour.

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