

Disability insurance is worth cost

In October 1986 the Practising Law Institute presented a program titled "Estate Planning for the Aging or Incapacitated Client."

The program, mediated by Peter Strauss and Wolf, New York City, and David Callahan of White and Ransom, New York City, included discussions of medical care issues, ethical issues in working with older disabled clients, Medicare and Medicaid, and property management alternatives.

Perhaps the most important message of that program was that all of us should make adequate provisions for disability.

OK, you say, that sounds like good advice, but what does it cost? And that's the main problem in buying disability insurance.

Here is a case in point. Mr. John Mittra, age 39, was recently advised by us that it would cost him \$1,270

per year to buy a disability policy that would guarantee him a monthly income of \$1,500 until he is 65.

Needless to say, he was shocked, because paying \$1,270 to buy a \$1,500 policy seemed too expensive to him.

REALIZING THAT Mr. Client had neither the understanding of, nor the patience to appreciate, the cost of the recommendation, I developed the accompanying table for his examination. The table reveals the following important facts:

• If Mr. Client were to become disabled today, he would receive \$1,146,348 — not the \$1,500 he thought he would receive.

• Unlike life insurance, upon disability, premium payments stop. So if John becomes disabled today, he would only pay the first year's



finances and you

Sid Mittra

premium of \$1,270.

• Finally, if he is covered by this disability policy, John Client would come out ahead no matter when he becomes disabled (except at age 65). This is clearly seen from the third column entitled "Net Benefits."

If you think you are not adequately covered by disability insurance, ask your financial planner to select the right policy for you. The planner would also be happy to develop a table for you similar to the one presented here.

Educational seminar: Main Topic "1987 — A Year of Unprecedented Opportunities." The seminar, sponsored by Observer & Eccentric Newspapers and Coordinated Financial Planning Inc., will be 7-9:30 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.

benefits received if disabled

disability begins	total benefits until 65	total cost to disability	net benefit
39	\$1,146,348	\$1,270	+\$1,145,078
40	1,064,482	2,540	+1,061,942
44	780,800	7,620	+773,180
48	556,113	12,700	+543,413
52	378,164	17,780	+360,374
57	208,808	24,130	+184,678
60	125,535	27,940	+97,595
62	78,733	30,480	+48,253
63	57,300	31,750	+25,550
64	37,080	33,020	+4,060
65	18,000	33,020	-15,020

Note: Time value of money has been ignored in those calculations.

Compute the tax cost of stock you sold by adding 4 figures

For several years I have been having my dividend reinvested on a stock I own and have received additional shares for the dividends. I have also sent in additional money, which bought me more shares.

Now I have sold the whole lot, and I am wondering what I have to pay taxes on. I did sell the stock at a price quite a bit higher than what I paid for it.

I also paid taxes on the dividends they credited to my account and on the commission expense they told me the company paid for me.

You should add four figures together to give you the tax cost of your investment.

These figures will be:

• The amount of money you paid for the stock when you first bought it.

• The sum of the dividends that were credited to your account and used to buy more shares.

• The sum of the additional investments you made, and

• The sum of the commission charges upon which you paid taxes.

If you subtract the sum of those four items from the check you received for the sale of the shares, you will have the amount of your gain and the amount upon which you will have to pay taxes.

I have a problem with my broker and would like your advice. A couple



today's investor

Thomas E. O'Hara

of the National Association of Investors Corp.

of months ago I sold a stock which had been split 2 for 1. At about the time the shares were sold, the certificate for the split shares was received by my broker from the company's transfer agent.

He mailed the certificate to me and asked me to sign and return it to him. I signed it and returned it to him immediately.

He now claims he never received the signed certificate. He is holding

to \$5,000 from the sale of my stock and says he will not give me that money unless I deliver him the certificate or sign a claim to a bonding company requesting the replacement of the lost certificate and pay the \$150 premium on the bond. What can I do?

A stock certificate is a valuable item and should be handled with great care. You made a serious mistake in

not returning the certificate by registered or insured mail.

Your broker did not follow a very good procedure in mailing you a certificate. More normally he would have held the certificate and mailed you a "stock power" form that he would then attach to the certificate when he received it back from you.

However, the certificate was lost when you mailed it, and my guess is the risk was then on you. The premium you are being asked to pay to replace the lost certificate seems moderate.

Since the broker you dealt with is not a member of a stock exchange, the self-regulatory body he would come under is the National Association of Securities Dealers. You could

write and explain your problem to them, but my guess is you're going to have to pay to get the lost certificate replaced.

Thomas O'Hara of Bloomfield Hills welcomes your questions and comments but will answer them only through this column. Readers who send in questions on a general investment subject or on a corporation with broad investor interest and whose questions are used will receive a free one-year subscription to the investment magazine "Better Investing." For a sample copy of "Better Investing" or information about investment clubs, write Today's Investor, P.O. Box 220, Royal Oak, MI 48068.

datebook

SMALL BUSINESS

Saturday, March 14 — Free small-business management workshop begins at 10 a.m. in Troy. Information: 542-4220. Sponsors: MSU School of Business, Small Business Management School.

SMALL ENTERPRISES

Saturday, March 14 — Small Business For Men offered from 8:30 a.m. to noon in Detroit. Information: Rusty M. Anderson, 864-4000. Sponsor: Greater Detroit Chamber of Commerce.

HOME FLOWER SHOW

Saturday-Sunday, March 14-15 — Builders Home Flower Furniture Show open 1-11 p.m. daily, 10 a.m. to 11 p.m. weekends in Detroit. Admission: Adults, \$4. Children, \$1.50.

REAL ESTATE EXECS

Monday, March 16 — National Association of Corporate Real Estate Executives meets at 11:30 a.m. in

Southfield. Information: John A. Dismore, 446-2000.

MINORITY BUSINESS

Tuesday, March 17 — Minority Business Forum to assist existing and start-up businesses owned by minorities and women offered from 8 a.m. to 4 p.m. in Southfield. Information: Preston Pace, 226-7110. Sponsor: U.S. Department of Housing and Urban Development.

WOMEN'S ECONOMIC CLUB

Tuesday, March 17 — Women's Economic Club meets in Detroit. Information: 963-5088.

WOMEN'S REAL ESTATE

Tuesday, March 17 — Women's Commercial Real Estate Association meets at 11:30 a.m. in Bingham Farms. Information: Rusty, Rosman, 363-1595.

ASSERTIVE LEADERSHIP

Tuesday-Wednesday, March 17-18 — Assertive Leadership Skills seminar for administrative assistants, executive secretaries managers and sales personnel offered 8:30-10 p.m. in Bloomfield Hills. Fee: \$95. Information: 353-1360. Sponsor: Northwood Institute.

SMALL BUSINESS MEETING

Wednesday, March 18 — After Business, Ours meets monthly in Detroit to expand private economic development in southeast Michigan. Non-member fee: \$10. Information: John Sherry, 864-4000.

HOUSE-BUYING SEMINAR

Wednesday, March 18 — A house-buying and selling seminar begins at 8 p.m. in Farmington Hills. Fee: \$75. Information: 553-8700. Sponsor: Thompson-Brown Realtors.

INSURANCE WOMEN

Wednesday, March 18 — Insurance Women of Wayne, Oakland, Macomb Inc. meet at 6:30 p.m. in Baldwin. Information: Virginia Baldwin, 399-7100.

BUYING A HOUSE
Wednesday, March 18 — Free "Homebuying and Selling" seminar begins at 8 p.m. in Farmington Hills. Information: 553-8700. Sponsor: Thompson-Brown Realtors.

INTERMEDIATE COMPUTER

Wednesday, March 18-April 8 — "Intermediate Computer Using Lotus Symphony" will be offered 7-9 p.m. in Bloomfield Hills. Fee: \$75. Information: 645-3635. Sponsor: Cranbrook P.M.

WOMEN IN BUSINESS

Thursday, March 19 — National Association of Women's Business Owners meets. Information: 645-2200.

PERSONAL FINANCES

Thursday, March 19 — Free seminar on effect of Tax Reform Act of 1986 begins at 7 p.m. in Troy. Information: Veronica Hollingsworth, 689-9480. Sponsor: Howard L. Johnson Co.

FAMILY BUSINESSES

Thursday, March 19 — Detroit Family Business Council meets. Information: 491-5300.

B'NAI BRITH REAL ESTATE

Thursday, March 19 — B'nai Brith Real Estate & Construction Unit meets at 7:30 p.m. in Southfield. Information: Cindy Greenspan, 557-2200.

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TECHNOLOGY FAIR

Thursday-Sunday, March 19-22 — Michigan Technology Fair open in Detroit. Information: 763-9757. Sponsor: Michigan Technology Council.

FULL GOSPEL BUSINESSMEN

Friday, March 20 — Full Gospel Business Men's Christian Fellowship meets at 6 p.m. in Farmington. Information: Stanley Marenietta, 464-7291.

BUSINESS WOMEN

Saturday, March 21 — Troy Charter Chapter of American Business Women's Association holds Professional Day Getaway from 8:30 a.m. to 3:30 p.m. in Troy. Fee: \$35. Information: Kim Cooley, 646-3400.

COMPUTING ASSOCIATION

Monday, March 23 — Association for Computing Machinery meets. Information: Joe Tyluik, 351-4839.

Private Industry Councils criticized for helping the best workers

Continued from Page 1

the training programs acknowledge the existence of a hard-core unemployed that include individuals who are both difficult to place and difficult to retain in jobs once given the opportunity to work. These include drug addicts, alcoholics, welfare "addicts" those with no more than fourth- and fifth-grade reading levels, and individuals with socio-emotional problems that make them difficult to work with.

And some believe the job market itself impedes the success of placement programs. Service jobs, or McJobs, pay only \$4-\$5 per hour and

outnumber the declining manufacturing jobs with higher entry-level salaries. Fathers with children can't afford to be unemployed long enough to be retrained. The welfare mother has to be able to make \$7-\$8 per hour plus benefits to break even with welfare provisions. One placement service worker said, "The (welfare mother) is not even a viable target" for their programs.

WHILE REACHING all of the hardcore unemployed does not seem within the scope and funding of the JTPA, addressing the welfare trap, most vigorously for female heads of households, is something Harold

McKay thinks PIC and JTPA can do — with a little help.

"When we have a system which provides greater incentives not to work than to work, we've got a problem. It has to make sense to leave welfare," he said.

McKay described an experimental program in Boston that successfully provides incentive to substitute work for welfare.

"The Boston Compact Model placed 37,000 Massachusetts residents in the private sector. The program allowed some welfare benefits, such as health care, to continue

during the first year of employment. Locally, we cut everything off." McKay hopes to see similar welfare reforms implemented here.

McKay also talked about some cultural problems that hinder successful mainstreaming of young people into the job market. His "youth people" who work to develop job skills with youngsters say that young people often feel alienated.

"EVERYTHING IS based on what you buy or can buy," McKay said. "Some inner city youth will buy \$50 designer jeans but there is no food on the table. The electronic media mes-

sage is clear — things do make you happy. We don't seem to value the integrity and honesty of everyday relationships."

If the definitive score is monetary rather than human, young people are reluctant to compete, doubtful they could possibly succeed with such ground rules.

Whether subsidized job training is a freebie to participating employers may depend on who gets hired. Two participating companies in Oakland County, DEDO-GRAND of Troy and Executive Systems Inc. of Southfield expect to help employees develop work habits as well as job skills.

ESI's Lance Stokes was 1986 "Small Business Person of the Year" and is a member of the Oakland County FIC. He plans to offer training in computer repair and operation. Stokes said his goal is to "develop people, deal with their problems, raise their feeling of self-worth" and supplant "unsuccessful work experiences" with positive ones.

While JTPA may not be the best idea, even its critics concede it is a better idea than its predecessor, CETA (Comprehensive Employment and Training Act), which created "workless" jobs in public and non-profit organizations, ignoring marketable private sector skills.

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WHERE: Packard Room, Ramada Inn Hotel
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Southfield, MI

RSVP: Darlene Aiello and Tom Gray
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For an appointment in the Sun-Damaged Skin Program, please call The University of Michigan, Department of Dermatology, (313) 836-4070, Monday through Friday from 9:00 A.M. to 5:00 P.M.

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