

# Folks keep buying cars for wrong reasons

The people who buy cars pose a chronic embarrassment to the people who make them.

This is McCosh's Maxim, based on years of study of the stuff of which automotive legends are made: you buy Mustangs and Edels, your Martins and Camaros — cars that could turn over a ferry boat if all the people claiming or disclaiming credit were asked to move to one side.

The reason people who buy cars embarrass the people who make them is that customers persist in buying cars for the wrong reasons.

THIS MAY be insignificant to the guy stuffing pistons at the Rouge or the car salesman sweating out a credit check. But there are people in the auto business who get big bucks to determine something called the demographic profile of a potential car buyer — an analysis generally

full of observations such as having 1.7 children, 2.2 parents, and 0.2 "significant others."

The idea behind modern marketing apparently is to identify any group of 10,000 or more likely to stay employed for the next 36 months of car payments, and then persuade your company to build a car for them.

Which is one reason you get a pick of 600 car models on sale in the United States today, and most of them look pretty much the same.

THE EMBARRASSMENT to the marketing types these days comes when nearly a third of the consumers who actually do buy a vehicle today take a look, then go out and buy a truck.

Sales of light trucks have been booming in the United States for about five years, and in fact have



auto talk  
**Dan McCosh**

been taking over car sales faster than the Japanese have been taking over domestic sales.

It's one of the most profound trends in the auto business since the Iran oil crisis. And like the other great automotive trends such as waterbeds in vans, Moon discs and the short fall in Volkswagen micros, no one can quite figure out how it all got started.

WHY, FOR instance, do women buy about one in five light trucks sold today?

Sure, the minivan — which technically is a truck — seems to be a reasonable substitute for the station wagon. But if anyone was seriously studying the needs of women with small children, we would be seeing family sedans built with those partitions they use in Detroit taxis.

Women buying four-wheel-drive utility vehicles, the second-largest light truck category, pose a deeper mystery. These things were developed in World War II so a sergeant wouldn't have to walk, and for years were mainly used by the guy at the

corner gas station to plow out his driveway. Now about a third are bought by young women.

LESS APPEALING, but still significant, are light pickup trucks, now recording 12 percent of sales to women, according to statistics supplied by Ford. What's the appeal to two seats and a cargo bed that gets filled with snow three months out of the year?

This sort of thing led to one of those pontificating analysis sessions the other day, which meandered through most of the usual arguments about how today's active lifestyle means trucks fit in as well as jeans, etc.

My theory is that the growth in light truck sales isn't just a quest for more utility — it's also an escape from the steadily increasing same-

ness that plagues passenger cars today.

THE NOTION is that it's the ability to stand out when driving around in a truck that sells them — particularly to style-conscious women. Bored with flattened bubbles and jellybeans, goes the theory, at least with a truck you have a vehicle with some character. It's the same kind of thing that got the Beetle off the ground and led to the sports car boom in the 1950s.

Once the marketing staffs get wind of this, of course, they will study and plan and start to build trucks deliberately to ride this "new trend." At which point, in all likelihood, customers will be rushing back to cars.

Just to drive them crazy.

Dan McCosh is the automotive editor of Popular Science.

## Some seemingly simple tax questions really aren't

Recently the Wall Street Journal devised a list of four questions, with the help of two major accounting firms, and posed these questions to five IRS offices in order to determine if the IRS is up to its task.

Because I believe these questions — covering pension, mortgage interest, investment interest, and taxability of a minor's income — would be of interest to our readers, I am reproducing them here.

Q. My husband earned \$36,500 in 1987, and I made \$13,000. He is covered by a pension plan at work; I am not. Are we allowed an IRA deduction; if so, how big?

A. You can each make a tax-deductible contribution of \$200 for a total contribution of \$400 on a joint return. The ability to make deductible contributions to IRAs phases out at \$50,000 in income for married couples filing jointly.

A worksheet accompanying the 1040 form instructs each spouse to take 20% of \$500, the amount of their joint income below \$50,000. Although that gives \$100, there is a minimum \$200 deductible contribution per person.

Q. I took out an \$80,000 mortgage to buy a house for \$100,000 in 1980. In January 1987, the house was resold for \$125,000. The loan, which had been paid down to \$75,000, was refinanced so that it totaled \$110,000. After paying off the first loan, I used \$5,000 of the proceeds for home improvement and \$30,000 for a new car. The average balance on the loan was \$109,000 last year, and I paid \$10,000 in interest. How much of the interest is deductible?

A. You may deduct \$9,600 as mortgage interest and \$2,400 as personal interest. To arrive at that, use form 8598 and multiply the amount of interest paid (\$10,000) by the ratio of the qualified loan limit (in this case the home's purchase price plus improvements, or \$105,000) to the average balance of the debt (\$109,000). This produces deductible mortgage interest of \$9,600 after rounding. The other \$400 of interest paid is treated as personal interest, and 65 percent of it, or \$260, can be deducted.

Q. Last year I earned \$800 in interest and dividends on assets in a cash-management account at my brokerage firm. In May, I borrowed from the account to buy stock and during 1987 paid \$900 in interest on the loan. How much is deductible?

A. You can deduct \$865 of investment interest expense. The interest on the loan to buy stock is fully deductible up to the amount of your investment income. That means \$800 (the amount that corresponds to the interest and dividend income) of the \$900 can be fully deducted. Of the remaining \$100 in interest expense, \$55 can be deducted under a provision that allows taxpayers to deduct 65 percent of as much as \$10,000 of investment interest expense over their investment income.

Q. My 15-year-old son earned \$800 from a summer job in 1987 and has a small savings account that earned \$100 of interest during the year. Is he required to file a 1987 tax return? If so, can he take a personal exemption for himself on his return, if I claim him as a dependent?

A. Your son must file. The 1986

law requires any dependent with total income over \$500 and any income from interest, dividends or other unearned sources must submit a return. He can't claim a personal exemption on his return if he can be claimed as a dependent on another person's return.

The ZIP code printed in my earlier column was in error. If you would like information on this topic, please send your address, telephone number and \$1.44 stamps to Sid Mitra, Oakland University, Rochester, Mich 48309-4401.



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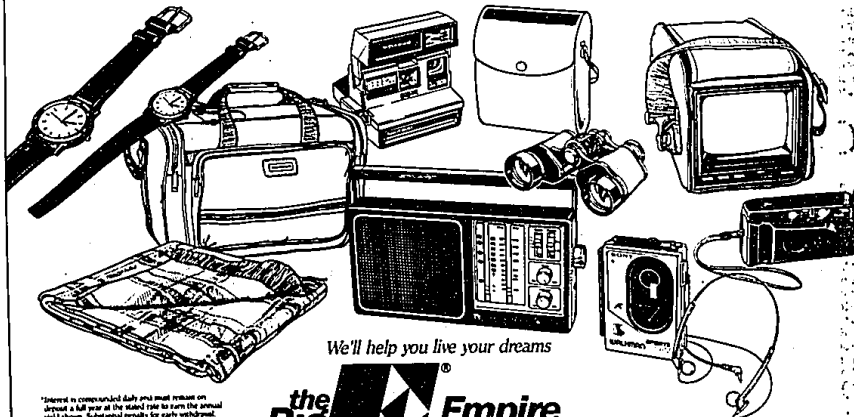
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## marketplace

White Automotive Service Inc. of Troy was acquired by Gordon and Frieda Hartman.

W.B. Doner and Co. advertising agency of Southfield will open an office next month in London, England, to service its new British Petroleum assignment.

R.P. Scherer Corp. of Troy will acquire Paco Pharmaceutical Services of Lakewood, N.J.

Allnet Communication Services of Birmingham will acquire Clark Equipment Co. South Bend, Ind.

WW Group of Farmington Hills has acquired Weight Watchers of southwestern Pennsylvania and northern West Virginia.

JMR Properties Inc. has begun construction on the Walton Village Plaza on Walton Boulevard west of Squirrel Road in Auburn Hills.

PR Associates Inc. was named public relations counsel to South Michigan Adult and Community Education, Royal Oak.

Michael Flora & Associates of Troy received three awards in the 1987 Michigan Addy Competition.

Lake Forest Health Services Inc. a residential and day treatment placement for people with closed head injuries has opened at 31740 Franklin Fairway, Farmington Hills. Telephone number: 851-5339.

PRMI Marketing and Public Relations of Southfield was selected for advertising and public relations by the Sheraton Oaks Hotel, Novi.

Straka, Jarasch and Co. of Troy has successfully completed an independent peer review of its accounting and auditing practice.

Leasurair Inc., a training and consulting firm, has opened at 24333 Southfield Road, Suite 205, Southfield. Telephone number: 587-STAR.

ERA Real Estate of Farmington Hills was chosen the nation's leading real estate franchise by Entrepreneur magazine.

David E. Richey & Co. of Birmingham won an award for local newspaper campaigns in the 1988 Michigan ADDY Awards Competition.

Kelling-Merley Automotive, a division of W.B. Doner and Co. of Southfield, received the Best Dealer Association Television Ad award from the National Automobile Dealer Association and Television Bureau of Advertising.

National Marble & Granite Inc. of West Bloomfield was accepted by the Marble Institute of America as an installer of dimensional stone.

WJBK-TV Channel 2 of Southfield was named Station of the Year by United Press International (UPI).

Hopp Management Co. and Biltmore Properties Corp. have merged to form the Hopp/Biltmore Management Group, Birmingham.

Events Marketing has opened at 30400 Telegraph, Suite 374, Birmingham.

Pre-Retirement Educational Planning Service Inc. has moved to 1205 E. Big Beaver, Troy.

Dennis R. Green & Associates Inc. of Southfield was appointed advertising agency for the Thermo Window Corp. of Livonia.

CEO of Unilprop of Birmingham has acquired two manufactured housing communities in Las Vegas, Nev.

New Century Group Inc. of Southfield has acquired the custom computer based training department of Goal Systems International, Columbus, Ohio.

Peterson American Corp. of Southfield has signed a memorandum of agreement with Sanku Sengul Kogyo Co. Ltd. of Kyoto, Japan.

Metro Mortgage has moved to 37899 W. 13 Mile, Suite 100, Farmington Hills.

PRMI Marketing and Public Relations of Southfield was selected for marketing communications by Paramount Commercial Interiors of Oak Park.