

## Business

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By Carolyn DeMarco  
staff writer

Some entrepreneurs start on a shoestring. Rick Sebastian had less than that.

Sebastian is owner of Sun Air, a West Bloomfield-based charter travel broker. He started with no capital. Now entering its fourth year of operation, Sebastian says this year's gross receipts already top \$500,000 and if everything "flies," they could well go over \$3 million.

Sebastian, a 1969 graduate of Southfield High School, spent several years as a property manager for a real estate developer before being bitten by the entrepreneurial bug.

HE WAS vacationing in Hawaii in 1981 when he discovered he paid \$599 for his charter travel package while a person in the same hotel paid \$1,000 for an identical trip. The margin of profit excited him.

When the trip was over he contacted Tradewinds Tours, a tour operator, and volunteered his services.

"They thought I was flaky but they gave me their brochures on Mexico and Hawaii charters to push," he said. "I put three lines in the personal section of the Lansing Journal and outsold all my competitors in the area."

"I started to figure out where they get the planes since it's not regular air (scheduled airlines). It seemed too big to play with."

SEBASTIAN SOON changed his mind. He was visiting the Lansing airport when he spotted a small, eight-to-10-passenger turbo prop sitting dust-covered in a hangar. He was told the plane was owned by Provincial House and was used only three times the previous year.

Sebastian found that Provincial paid \$25,000-30,000 annually just to maintain the sitting plane and made the company an offer it couldn't refuse.

"I told them I'd bring them to a zero on costs if they weren't looking for an income."

SUN AIR WAS started with that concept in mind — locating the un-

## Flying high

### Broker charters available planes



Rick Sebastian and wife Trisha Smothers have access to 2,000 airplanes from a three-passenger to a 344-passenger.

derused airplanes and setting up small groups to charter them for leisure and corporate travel.

While Sebastian has yearly contracts with small plane owners, he pays for the use on an hourly basis. The owner of the plane takes care of all maintenance costs.

As the concept grew, so did Sebastian's knowledge of the charter bro-

kerage business.

"It was a year and a half before I made any money," Sebastian said. "I knew it was a workable idea. People were paying three times as much as I could give them (as a price) for the service."

"For the first six months I spent 100 hours of study with people, books, airlines. People put up with a

lot of dumb questions. I wanted to know everything I could about it. If you can make someone understand why you're trying to learn, that it will be an advantage to them in the long run, they'll open up."

THE SIZE of the planes chartered grew with the size of the business. Today Sebastian arranges charters

from established chartered airlines, including American Trans Air.

Sebastian has arranged transportation for the Detroit Red Wings and Edmonton Oilers during last season's playoffs, and flits across the country for Mary Hart of Entertainment Tonight. Last January Sun Air arranged for a 344-passenger L-1011 to take Spartan fans to the Rose

Bowl in Pasadena.

Corporate clients include Michigan State University, Michigan National Bank, AAA and Ford Motor Co.

DESPITE HIS success, Sebastian still employs a down-home operation. He and his wife, Trisha, operate the business from a modest West Bloomfield site. His only pieces of equipment are the telephone, his briefcase and his contacts.

"People are always skeptical if there is no investment involved. I believe with enough effort you can make up for a lack of money."

Sebastian believes as a travel broker his low overhead and hard-earned knowledge of the industry gives him a distinct pricing advantage over tour operators. To his knowledge there are only three major travel brokers in the United States.

"I can negotiate a far better rate. They'd (airlines) rather deal with a travel broker than the knowledgeable. If someone doesn't understand aircraft the airlines don't want to lead every window shopper through the process. If I bring them someone, they know it will fly."

Sebastian now has access to 2,000 airplanes, from a three-passenger to a 344-passenger.

SEBASTIAN ALSO has two other relatively new businesses. Marfex offers delivered in-office fax service at \$4.95 per page in Lansing and is now targeting Southfield. He also operates Dial-a-Meal in Lansing, a weekend delivery service for restaurants in the area at \$1.49 per person.

"They're making money," he said. "Why others have failed is they wanted to offer blanket coverage. We select small (geographic) areas."

Sebastian has wised up since his real estate days when he offered his ideas on maintenance warranties to a major real estate firm, he said.

"I came in and explained the idea to all their sales people. They thanked me and then stole the idea and I didn't get a dime. I'm still not the brightest boy in town, but I won't let that happen again."

## How to safeguard savings in wake of Black Monday

A Monday in mid-October. If those words make your heart beat just a little faster, you are probably one of the millions of investors who watched the stock market crash 508.32 points almost a year ago, on Oct. 19.

Black Monday, as the fateful day was subsequently dubbed, sent people charging out of the stock market. Many of the first to jump were small investors who panicked at the thought of losing their savings. By pulling out too soon, many turned their paper losses into actual losses. Just six days later, the market recovered a record-breaking 188 points.

For the small investor still reeling from last year's plunge, the Farmington Hills-based Michigan Association of CPAs offers nine tips that can help safeguard your savings.

- Build a strong foundation.

### practically speaking

Don't put a single dime in any moderately risky investment until you have built a solid savings foundation. Most financial experts recommend that you keep enough funds in an insured money market account to cover at least three to six months of living expenses. Remember that your savings base must be able to cushion the blow from a sudden recession, unexpected unemployment or other personal crisis.

- Choose investments that match your needs and resources. If your life savings amounts to \$1,000, in-

vesting in the stock market is about as wise as betting on the weather. How you invest what you have is one of the most important financial decisions you can make. Assess your situation honestly. If your savings is small, riskier investments and security ranks as one of your most important objectives, you should probably stay clear of the stock market.

The risk-shy investor should investigate safer options, such as Treasury bills, which are backed by the U.S. government and are virtually free from the possibility of default.

- Choose investment advisers you can trust. Most people shop around for a doctor or lawyer. Do the same for your financial adviser. If you have a stockbroker, make sure that he or she is readily available and is willing to listen to and understand your financial goals.

• Diversify. No matter how much money you have, avoid putting all your eggs into one basket — they become too easy to trample. Spread your savings among different types of investments. The reason why this strategy works is simple. In general, when one segment of the financial world suffers, another prospers. For instance, when interest rates fall sharply, bonds soar.

How you diversify your portfolio again depends on such factors as your age, your ability to sustain risk and your financial position. In today's volatile market, most individuals should maintain at least a portion of their funds in insured CDs, money market accounts or government securities.

- Buy what you know. Capitalize

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### THE RULE OF 72

To figure out how long it will take for your money to double, divide 72 by the rate of interest on your savings

#### memo:

72 ÷ 10 percent = 7.2 years  
72 ÷ 8 percent = 9 years  
72 ÷ 5 percent = 14.4 years

## College loan called 'last resort'

By Janice Brunson  
staff writer

Government-sponsored PLUS loans, often called loans of last resort, are growing in use as parents turn to them to pay college bills.

The loans — Parent Loans for Dependent Undergraduate and Graduate Students — are available to creditworthy parents who may borrow up to \$4,000 annually to a total of \$20,000 for each child younger than 24 who is attending college.

While PLUS loans represent one of the fastest-growing types of educational loans, many parents are still unaware they exist, according to the Student Loan Marketing Association. Still, "with what's been happening to financial aid in recent years — the many regulatory changes negatively affecting eligibility — there are definitely more and more parents interested in PLUS loans," said Cheryl Powell, senior financial aid officer for the University of Michigan-Dearborn.

Of 7,600 students attending UM-D, 2,300 receive some form of financial assistance, according to Powell.

Joan Knudsen, a financial aid counselor at Livonia's Madonna College said interest in PLUS loans has increased in direct proportion to publicity surrounding them.

"Many more parents are resorting

### PLUS loans have no income requirements, and no collateral is required.

to PLUS as an alternative when their assets are tied up, and they don't want to dip into the principal," Knudsen said. An estimated 25 percent of Madonna students receive financial aid.

THE NUMBER of applicants for PLUS loans in Michigan nearly doubled this fiscal year, from 1,100 in 1987 to 1,800 in 1988, according to Neal Clark of the Michigan Higher Education Assistance Authority. The authority processes the loans and guarantees funding for them.

The amount of money available for PLUS loans doubled in the same period of time, from \$2.4 million \$4.8 million. Nationally, more than \$431 million was disbursed in 1987.

Applicants and money are "up close to 500 percent," Clark said because of tightening eligibility requirements that have made money for guaranteed student loans "very tight."

The PLUS program was launched four years ago, in response to tightening eligibility requirements and

reduced funding. Fewer students were eligible for a shrinking supply of money.

In contrast, PLUS loans have no income requirements, and no collateral is required. Students who have failed to qualify for other forms of financial assistance are eligible for PLUS loans, provided their parents are.

Hence, the designation of last resort, according to Powell who said, "It's the true meaning of the word."

The last-resort designation is also applied by students who are reluctant to involve parents in the financing of their education.

PARENTS RECEIVE the money and are expected to repay it, but students often assume the debt, according to Knudsen. "PLUS doesn't care who pays, just as long as someone does."

Repayment must begin within 60 days after receipt of the loan but payments can be spread over 10 years. A minimum monthly payment of \$50 is required.

Creditworthy parents can apply regardless if children are receiving other forms of financial assistance. The loans require no collateral and have no origination or service fees. The interest rate, which can never

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