

President Jerry Wagner and marketing director Steven Zimberg advocate a timing approach to investing through Flexible Plan Investments of Birmingham.

'Timing is everything'

Money advisers proclaim

By Doug Funke
staff writer

Different people favor different investment strategies.

Some buy stocks or mutual funds and hold on for the long haul. Others periodically buy U.S. Savings Bonds. Some are satisfied to put all their cash in money markets or passbook bank accounts.

Jerry Wagner, founder and president of Flexible Plan Investments of Birmingham, advocates a "timing" approach to investing.

Wagner moves all of a client's assets between aggressive growth mutual funds or bond mutual funds and money markets depending on economic indicators and momentum of the stock market as determined by a computer program he has developed.

"Timing is everything. That's our motto," Wagner said. "Those people who do best move quickly and are flexible. What we try to do with market timing is build in safeguards for the down side."

Wagner's approach works.

WITH A RETURN of 14.4 percent, Flexible was ranked best in its classification (managed assets of less than \$20 million) for the August 1987 through July 1988 period by Monitor, an independent auditor of market timing investment advisers.

Steven Zimberg, Flexible Plan's marketing director who provided that information, said the return resulted after deducting the firm's management 2.5 percent management fee, and took into account the October 1987 stock market crash.

House buyers get advice

By Doug Funke
staff writer

The purchase agreement is the most important document in the home-buying transaction.

There are all kinds of financing options now available to buyers. A Realtor or agent can facilitate a meeting of the minds between buyers and sellers.

Those were some principles offered by speakers during a homebuying seminar sponsored by the Western Wayne Oakland County Board of Realtors Tuesday in Livonia.

A couple hundred people, most in their 20s and 30s hungry for tips on buying that first house, attended.

"I was looking for general information," said Dwayne Fletcher of Detroit. "My wife and I are in the mid 20s. The way the industry is now, so many people are involved. We want to make sure we don't get robbed or cheated."

"I WAS interested mainly in the mortgage banker," said Suzanne Scheppler-Majid of Farmington. "This was a completely new thing for me."

She and husband, Hassan, hope to be in the market next spring. Patrick Grace of Livonia also said

end of every quarter, range from 2.8 percent annually for accounts up to \$50,000 to .9 percent for accounts of at least \$1 million.

Wagner estimated that he now manages some 250 accounts with an aggregate value of \$11 million. Most clients have been referred by brokers.

"Everybody is good at making money. Most people aren't good at managing money," said Zimberg, a certified financial planner.

Flexible Plan averages three to four investment moves a year, Wagner said. Since getting into the business, assets have been invested in stocks 52 percent of the time, money markets about 48 percent, he added.

This year, money markets were favored until April, growth stock mutuals until August, money markets again until recently, and bond funds since the second week in September.

An expected decline in interest rates and corporate earnings prompted the latest move. The most common mistake most people make when investing is failing to develop an approach or a philosophy toward saving, Wagner said.

"Even if they have an approach, they don't have the discipline to stay with it," he said. "They'll have one disastrous trade and stop using the system."

"You can't do that," Wagner said. "System trading is based on probability. You're not going to be 100 percent right."

Wagner described himself as a contrarian — someone who goes against market trends and opinions. He said a willingness to go against the flow can pay off well.

"You have to watch . . . and go counter to the trend to make money. Most investors don't have the stomach to do that," he said.

he expects to begin hunting next year.

"I thought financing information was good," he said. "Qualifying for a home and the MSHDA program (Michigan State Housing Development Authority) was interesting."

Edward Stanner Jr., an attorney, recommended that buyers pay \$300-400 to have a lawyer represent them in the process.

"If you want to be protected, you should get someone to represent your interests," he said. "An attorney can serve as a kind of balancing wheel."

Consider running the purchase agreement by an attorney before submitting it to the seller, Stanners added.

"IF THERE'S any particular item to be taken care of, spell it out in the offer to purchase," he said. "That's the key to the real estate closing."

James Waters, vice president and regional branch manager at First Federal of Michigan, said buyers should demand good service from a mortgage company from the application process through handling the account.

"I do suggest you scrutinize a lender just as carefully as you will scrutinize you," he said.

Many different kinds of mortgages with different financial consequences are available.

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Waters suggested that young, first-time buyers consider the fairly obscure Michigan Mortgage Credit program offered through MSHDA when financing. The program offers tax credits and deductions.

Buyers, who make their own financing arrangements, can have household income of not more than \$28,000 and pay up to \$60,000 on an existing house, and household income up to \$30,000 and pay not more than \$75,500 for a new home.

VERY GENERALLY, the house payment on a fixed rate mortgage shouldn't exceed 28 percent of gross monthly income, with all other debts not exceeding 8 percent, Waters said.

Jerome Delaney, a Realtor with Weir, Manuel, Snyder & Rank Inc., reminded participants that they buy a lifestyle when buying a house.

"You're not only looking for brick and mortar but an environment, a community, personality and character," he said.

When looking for an agent, ask whether an individual is licensed, what areas he or she actively works, and references and a buying or selling strategy.

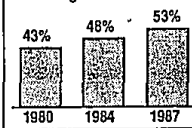
"In a vast majority of situations unless other arrangements are made, agents are working for the seller," Delaney said.

Defray daycare costs

practically speaking

More working moms

Percentage of preschool children with working mothers



supply the name, address and Social Security number of the person providing the child-care services.

How much is the credit worth? Depending on your adjusted gross income (AGI), the credit equals 20 to 30 percent of your qualified child-care expenses. But the amount of allowable expenses is capped at \$2,400 for one dependent and at \$4,800 for two or more dependents. You should also note that the allowable expenses cannot exceed the earned income of the lower-paid spouse.

Remember that you are not entitled to the exemption if your child has personal gross income of more than \$1,950, unless he or she is under age 19 or is enrolled as a full-time student. Next year, you will not be allowed to claim an exemption for any child who is at least 24 years of age unless the child's income is less than the exemption amount.

BUT IF YOU claim an exemption for your child or any other dependent, that person may no longer claim his or her own exemption.

Do you pay a babysitter for your children while you and your spouse work? If so, you may be entitled to a dependent-care tax credit. To qualify for the credit, you and your spouse must be gainfully employed unless one of you is physically or mentally disabled or is enrolled as a full-time student. Child care expenses also must be for a dependent under age 13 starting in 1989. You should also note that in 1990 you will be required to

deduce the 20-percent credit rate by seven points, making the maximum credit \$552 (23 percent of \$2,400) for one dependent or \$1,104 (23 percent of \$4,800) for two or more dependents.

Finally, if you regularly pay a babysitter to take care of your children, be sure to withhold the appropriate Social Security taxes. If you don't, the IRS will hold you liable not only for the unpaid tax bill but also for any penalties and interest due.

You may be able to pay for child care with tax-free dollars if your employer offers a dependent-care assistance plan. How do these plans work? First, you provide your employer with an estimate of your annual child-care costs, up to a maximum of \$5,000 if you file a point return. Your employer will then withhold this amount from your paycheck in equal portions over the year. The money that the company sets aside is excluded from the federal income tax.

At regular intervals, you will have to inform your employer of your actual child-care costs as well as the name and the Social Security number of the person or organization providing the service. The company will then reimburse you from the untaxed money it has deducted from your regular pay. Be aware that, in most cases, you can no longer take advantage of both the dependent-care tax credit and the employer-sponsored assistance plan if your child-care expenses exceed \$5,000. For 1989, you must choose between the two tax breaks.

As a general rule, married couples with lower incomes (a combined AGI of \$29,750 or less) and child-care expenses under \$2,200 will probably do better with the dependent-care credit. But higher-paid employees may find company assistance plans more beneficial.

Tax rules can take some of the bite out of your child-care bills, but make sure that you have all the facts.

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