



Financial Position

INVESTED ASSETS



Cash Equivalents


	Checking and savings	\$3,300
	Ford Money Market Account	\$43,400
	Money Market Fund (broker)	\$2,600

Investment Assets



	Stock Savings Plan (Ford)	\$8,300
	IRAs - Stock Mutual Funds	\$6,300

USE ASSETS

	Residence	\$83,000
	Autos	\$9,700
	Other Personal Items	\$10,000

	Total Assets	\$166,600
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LIABILITIES

	Home Mortgage	\$67,500
	Auto Loans	\$500
	Student Loan	\$7,600

	Total Liabilities	\$75,600
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	Net Worth	\$91,000
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Don Boyce (left) and Alan Ferrara (right) discuss tax-reduction and investment strategies with Larry Kabrick at Kabrick's Livonia home.

JIM JAGDFELD/staff photographer

Taxes concern engineer

By Dan Boyce and Alan Ferrara staff writers

Local financial planning experts reviewed the data of the person profiled here and made general recommendations based on the participant's resources and goals. The information is for educational purposes only; references are not intended as discrimination or endorsements by Observer & Eccentric Newspaper or the advisers.

To receive a free financial planning brochure or to obtain a questionnaire to have your finances reviewed in this column, write the Center for Financial Planning, Department 100, 877 S. Adams, Suite 202, Birmingham, Mi. 48009, or call 642-4000.

"Income taxes frequently turn nest eggs into goose eggs."

At least that is the fear of the individual interviewed for this month's financial profile. In this article we will focus on tax savings strategies, as well as on investment planning and shoring up some weaknesses in a financial foundation.

Larry Kabrick, 26, is a manufacturing engineer at Ford Motor Co. In 1988 he had just over \$41,300 in income and paid more than \$6,100 in federal income tax.

Kabrick lives alone in his own home in Livonia. His goals include home improve-

FAMILY FINANCES

ments (kitchen and basement), self-improvement (starting a graduate degree program), and financial improvement (tax reduction and investment planning).

Kabrick has a leg up on his peers for two reasons. First, he is interested enough in reaching his financial goals that he is willing to spend the time to become aware of the various financial alternatives available. He keeps excellent records and has them well organized. In fact, the information he provided us with was the most thorough of any correspondence during the 2½ years we have been writing this column.

The second advantage is that Kabrick recently received the proceeds from a house he inherited in 1984. This amounted to a windfall of almost \$40,000. He is concerned about the tax implications of the house sale and cash distribution. He spent about \$6,000 of his own money on house repairs, and he fears that the remaining \$34,000 in sales proceeds will be taxed, resulting in a whopping tax bill next April.

We can set his mind at ease on this score. He should be aware that the "tax basis" used to determine any taxable gain includes not only the value of his investment in repairs on the house, but it also includes the value of the house on the date of his mother's death in 1984. Because the house was valued at \$30,000 at the time, he will face a taxable gain of only \$4,000 for 1989.

A FEW AREAS of Kabrick's financial foundation need review. First, he has no will or estate plan in place. Should he meet a premature death, the state would take over the planning of his estate. Because these laws are inflexible and because Kabrick has amassed a substantial estate for his age, we suggest that he give serious thought to how he would like his estate distributed. An attorney should then draw up the documents to ensure that his wishes are carried out.

A will and durable power of attorney are two basic documents that he should put into place. We would also recommend that he write an Informal "letter of instruction" that details the location of his financial documents, funeral arrangement wishes, and any other desired, though non-binding, instructions to his heirs.

Please turn to Page 2

The Bottom Line

Financial strengths

- Solid asset base at a relatively young age
- Owns own home
- Good benefits at work
- Organized and aware of financial matters
- Regular savings habit established

Financial weaknesses

- Inadequate auto liability insurance
- No will or estate plan
- Weak disability coverage
- Not using tax reducing strategies

Mentally impaired receive opportunity in work force

By Wayne Peal staff writer

It took a lot for Sharon Brown to land a job.

But mostly it took someone willing to give her the chance.

Two years ago, Brown suffered severe head injuries in an automobile accident.

"Everything reverted back to childhood," said her mother, Sarah Brown. "She even had to learn how to walk and talk again."

Through therapy, Brown regained much of her speech and motor skills, but she owes much of her renewed self-esteem to her housekeeping job at American House-Livonia.

There, Brown fluffs pillows and cleans rooms for the senior citizen residents.

"She wanted to retain her independence and this helps her do so," her mother said.

American House president Robert Gillette is among a group of area businessmen willing to hire mentally impaired workers.

"WE CALL it mainstreaming through employment," said Gillette, who has also employed — and

'They can perform simple, repetitive work and they can do a good job at it.'

— Tom Hahn Alljack & Co.

housed — four mentally retarded workers at his company's senior apartment complexes in Wayne and Oakland counties.

The key, he said, is having the workers stand on their own.

"They come in and compete with other non-handicapped workers," he said. Several of these employees, he added, have moved on to other jobs with other companies.

While there are drawbacks, there are also advantages. In Brown's case, he said, seniors receive a devoted, steadfast worker.

"It's clear she's not someone just looking at the clock," said Gillette, a trustee for the Association for Retarded Citizens Foundation.

Gillette and other business professionals, like Mark Dillon, a senior vice president of Michigan National Bank and fellow ARC Foundation

Trustee, have embarked on a "get the word out" campaign.

"FIRST, WE want businesses to hire these workers," Gillette said. "Then, we want them to contribute to the foundation to help prevent mental retardation."

Though not directly affiliated with the Foundation, many local and regional agencies participate in the nationwide "supported employment" program, designed to give extra training to mentally impaired workers.

As part of that program, "job coaches" initially perform the job for two weeks or so, then teach it to program participants. They also provide follow-up services, one-on-one with the new employees, should problems develop, said ARC-Michigan regional vice president Betty Grulla.

ARC-Michigan doesn't provide or train coaches on its own.


"We're primarily an advocacy group," Grulla said.

Training and staffing are primarily provided for regional service agencies such as ARC Business Ventures and the Wayne County Association.


Please turn to Page 2


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