

Coping with taxes concerns engineer

Continued from Page 1

Although the liability coverage on his homeowners insurance is adequate, Kabrick needs to upgrade the liability coverage on his auto policy. He purchased only the minimum allowed by his insurance carrier — \$20,000 for each person and \$40,000 per occurrence. Should he be involved in a serious accident, his assets might be in jeopardy if he received a court judgment against him. He should raise this to at least \$100,000/\$200,000. The cost for this increase is minimal.

Kabrick should also review his coverage in case of a long-term disability, but subsequently he would receive only \$832 per month in disability benefits through his Ford plan. This is substantially less than he would need to maintain his current standard of living. Also, in the case of a permanent disability, he would find all of his future financial goals unattainable.

We would suggest he purchase a personal disability insurance policy providing an additional income of \$1,500 after the sixth month of disability. Benefits should be payable until age 65 and should have cost of living adjustments. The cost for such coverage would be approximately \$330 per year.

Overall, Ford has an excellent benefits package. Besides the pension plan and the insurance coverages, he has access to a salary savings plan. He is currently putting 10 percent of his base salary into this plan. With Ford's matching contribution, this is an excellent method for him to accumulate assets over the long term.

BUT KABRICK is making his 10 percent contribution with after-tax dollars. He has the option to switch his contributions into a 401(k) plan. In this plan, pre-tax dollars are used. When searching for tax reduction strategies, this is the first area most financial planners will recommend. If he ever decides to leave Ford, he will receive his account balance in a large sum, and any taxable distribution could be rolled over into an IRA. The money would therefore continue to grow tax deferred.

Other tax reduction strategies involve his investment portfolio. Currently, the bulk of his assets are held

in the Ford Money Market Fund, which is an excellent place to keep funds for emergencies and short-term expenditures.

But the interest he receives from this fund is fully taxable. It only makes his tax problem worse. Instead, he should focus on investments that have both more growth potential and better tax treatment.

One alternative that would result in immediate tax benefits is a limited partnership in low-income housing. He should be aware that such an investment is illiquid and is not without pitfalls. But a well-structured program can provide a tax credit (which is a dollar-for-dollar reduction of taxes due) of approximately 15 percent each year for 10 years. Over the 10-year period, there is a direct tax "rebate" equaling 150 percent of the investment. Assuming the real estate performs well, there will be additional returns, but the tax benefits alone make it worth considering. Kabrick should recognize that this type of investment will complicate his tax return. It should be made only after receiving counsel from his personal tax and investment advisers.

Finally, Kabrick should review balancing his investments by investing in a combination of municipal bonds (providing tax-free income) and growth stocks or mutual funds. Beyond an emergency fund of \$10,000, we would suggest that he invest any funds not needed during the next three to five years in these assets that have historically higher returns. After all, he has many years for his assets to grow. With his determination to work diligently and plan carefully to meet his goals, Kabrick has a bright future in front of him.

Dan Bayner, a certified financial planner, is a past president of the Metropolitan Detroit Society of the Institute for Certified Financial Planners whose practice is in Farmington Hills. Mr. Bayner is a partner in the Farmington Hills law firm of Conzans, Lunsky, Feak, Ellis, Roeder & Lazar. He is a past president and current board member of the Southeast Michigan Chapter of the International Association for Financial Planning. Staff writers

business people

Charles C. Ragains of Bloomfield Hills has been promoted to senior vice president by Anthony M. Franco, Inc. Ragains joined the Franco firm as a vice president in 1986 after having been with Unisys for 15 years as director of editorial services and marketing.

The following people have been named to new positions at Florists' Transworld Delivery Association. They are: Roger Gullickson, to group benefits marketing; David Wade, director of financial planning; Peter Wilens, director, corporate planning; and Lillian Digham, to manager of meetings and convention.

Stephen M. Humphrey has been appointed executive vice president — North America by The On-Highway Products business of Rockwell International Corp.'s Automotive Operations.

Michael J. Carabio of Bloomfield Hills has been named president of Market Opinion Research. A marketing representative for over 20 years, Carabio has worked for Ketter-Trege, Inc., Sperry & Hutchinson, Inc.,

and The Dartnell Corp. as president of the newly created Business Processes Division.

Vural Uygur has been elected to the Giffels Associates Board of Directors. Uygur has been elected chairman of the board and president.

Tom O'Connor has joined W. B. Doner & Co. as a creative group supervisor. Prior to joining Doner, O'Connor was with Hossin, Greenberg, Seronick & Hill in Boston.

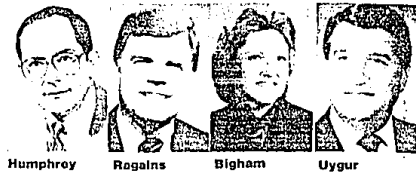
Chris Milia has joined Film Craft Video as an account executive. Prior to joining Film Craft Video he was account representative at Mobile Images.

Philip J. Candela has been appointed manager of the Schweitzer Rochester Hills office. Candela has been in the real estate field since 1983. He is an associate broker and is GRI and CREA designated.

Bruce A. Brown of Rochester Hills has been named sales manager for the newly established Piston Sys-



Carabio Wade Gullickson Wilons



Humphrey Ragains Bigham Uygur

tems Group of The Cross Company. Brown is a veteran of the LaSalle Machine Tool Co., which was acquired by Cross in 1985.

Robert Mareca has been named program coordinator of Interdependence Inc. Previously, he was senior consultant with Personal Performance Consultants Inc., Southfield.

Barry Goldsmith of Southfield was honored recently by Stanhome Inc., where his name was added to the Stanhome Walkway of Success in Stanley Park.

Deborah S. Jensen of Troy was named North American sales manager for Exxon Chemical Co.'s automotive and transportation industry sector, polymers group, Farmington Hills.

The following people have been named to assistant vice president at First American Title Insurance Co. in Troy. They are: Dorothy Bowdon, Arlene Bruce, Paul Busquet, Gary Manzo, Mary Jane Newman and Nancy Schleicher.

Please submit black-and-white photographs, if possible, for inclusion in the business people column. While we value the receipt of photographs, we are unable to use every photograph submitted. If you want your photograph returned, please enclose a self-addressed, stamped envelope. Indicate in a margin on the front of the photograph that you want it returned. We will do our best to comply with your request. Send information to: Business Editor, 3225 Schroeder Rd., Livonia 48150. Please include city of residence and a daytime telephone number where information can be verified.

Impaired workers

Continued from Page 1

The two men, both residents of a Plymouth group home, both hold jobs with nearby industries.

Batke's duties at Alljack & Co. include everything from assembling information packages for washers and dryers to raising and lowering the flag each day.

"He's doing very well," said company president Tom Hahn. "We have three such workers, and they all do very well. Naturally, there are special needs involved, but they can perform simple, repetitive work and they can do a good job at it."

Sabuda is a new employee at Alljack & Co., also of Plymouth. All told, Gruits said, 10 of their home's 16 residents hold jobs.

Mental retardation can, in many cases, be prevented, Gruits added. "We're finding one of the biggest causes is fetal alcohol syndrome," Gruits said. "And that can be prevented."

As part of the "get the word out" campaign, reporters were recently invited to meet with Brown and fellow program participants Gerald Batke and Carl Sabuda.

While they share in that goal, Gillette and Dillon said they also want employers to know that mentally impaired adults can be productive workers.

"People say, 'Is there room for another crusade,'" Gillette said. "We believe there is."

Those interested in hiring a mentally impaired worker or in learning more about job coaching programs can receive information by calling ARC-Business Ventures, 422-8130, Wayne County Association For The Retarded, 261-3600 or New Horizons, 338-6176. Information on the ARC foundation is available by calling Gillette, 626-7419.

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