

# Retirees should divest of stocks

(Continued from Page 1)

To a limited extent, they may actually make money by giving away such stock. Each year they have given money to both WTVS and Michigan State University. Bob's alma mater. For donations to certain institutions, including all state-supported colleges and universities, the state of Michigan gives a 50-percent tax credit up to \$100 per person (\$200 per couple). A tax credit is the same as a tax rebate for the amount of the credit.

THE LLOYDS have some stock that they bought at about \$10 per share and which is currently selling at about \$40 per share. If they give 10 shares of this stock to MSU, for example, they would receive a \$400 charitable tax deduction (saving approximately \$130 in the 33 percent tax bracket); they would receive the state of Michigan tax credit for \$200 (a tax savings of \$200); and they would avoid taxes on the \$300 of capital gains on the sale of the stock (saving about \$100 in taxes). Thus, a donation of \$400 in stock results in potential tax savings of \$430.

Bob also asks about his 401(k) plan after retirement.

"I can leave the money in the plan until age 70; I can take the money and roll it over into an IRA; or I can take the money and use the special 10-year averaging tax treatment. Since I don't need the money now, my tendency is to roll it over into my IRA."

We would suggest that Bob consider taking a lump sum distribution at this time and use the 10-year averaging for his 401(k) plan. With a distribution of this size

(\$46,000), the tax, using the 10-year averaging, would be about \$3,200. This is a tax rate of only 7 percent, which is a far lower rate than he would ever pay should he roll it over into an IRA.

If he left the money with his employer and later took a lump sum distribution, he would retain the option of the 10-year averaging under current tax law. But our fear is that Congress could repeal the availability of the special 10-year averaging at any time; and in fact there has been some discussion of this in Congress. By taking the lump sum distribution now rather than later, he ensures the favorable tax treatment on this distribution.

Bob and Betty have worked hard to become financially comfortable. They need to begin giving real consideration to what they wish to accomplish during the rest of their lives. They are in the fortunate position of having choices to make. They have many productive years ahead of them, and we suggest they focus their attention and activities on those areas that give them the greatest inner satisfaction.

Dan Boyce, a certified financial planner at the Center for Financial Planning in Southfield, has been recognized by Money magazine as one of the top financial planners in the nation. Alan Ferrara is a partner in the Farmington Hills law firm of Couzens, Lansky, Pealk, Ellis, Roeder & Lazar. Both serve on the board of directors for the Southeast Michigan Chapter of the International Association for Financial Planning.

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# Incubators hatch businesses

If the term incubator conjures up memories of those heated boxes that were used to hatch chicks in an elementary school science class, you haven't been introduced to business incubators.

By definition, business incubators provide new start-up companies with a new and stable and closely monitored environment to "grow" in before breaking out on their own. In his book, "Government Giveaways for Entrepreneurs," author Matthew Lesko says that incubators have been in existence for the past several years and offer entrepreneurs an opportunity to save as much of their resources as possible while developing their new ventures. Everything from use of office space and equipment, technological help, and other professional services are made available either free or at a fraction of the normal cost for companies.

According to Lesko, business incubators are often housed in former factories, empty schools, old warehouses or government buildings where a number of new companies can do business under the same roof. Unlike shopping malls in which individual businesses operate completely independently from each other, incubators foster a more cooperative environment where the par-

focus: small business



**Mary DiPaolo**

ticipating companies share common necessities.

Among these are included secretarial help, mail and phone services, maintenance and security programs. Incubator tenants are also supported by a professional staff to help with various aspects of operations management such as accounting, marketing, financial planning and legal services, all of which are usually included in a tenant's monthly rent. Rental fees range from \$300 per month for a single office to \$700 or more for two or more offices. Most

incubators also offer tenants the opportunity to rent space on a month-to-month basis.

Incubators are generally composed of companies that do not directly compete with one another. "In fact," Lesko says, "many of the sponsoring agents will actually put companies in the same incubator that can help each other out. If your company sells memory boards for computers requiring your memory boards."

Business incubators are typically sponsored by local governments, uni-

versities and corporations.

Contrary to popular belief, the restrictions and application requirements for most incubators are not as complicated as might otherwise be assumed. The majority require that prospective tenants have a good understanding of what is being sold and a sound business plan that includes some financial backing and marketing strategies. If you don't have a business plan, some incubators will help you put one together.

Next week, we will offer more information on two incubators operating in the area.

Mary DiPaolo is the owner of MarkeTrends, a Northville business consulting firm. She is also producer and host of the cable television series, "Chamber Perspectives."

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NOVEMBER 22, 1990

Parking Locations	Ticket Outlets	Departure Times
Southland Center Area 111, Park & Ride Lot	Lincoln Park Plaza & Rec. Days Kennedy Memorial Bldg. (Grandview) 3249 Fenix Mon-Fri	8:00 a.m.
Ford Field - Livonia SMART Park & Ride at Farmington Rd.	Livonia City Hall 4th Floor - Mon-Fri	8:00 a.m.
Dearborn Civic Center Michigan at Greenfield	Dearborn Chamber of Commerce 10544 Michigan Avenue 100' of Greenfield corner of Curtis Mon-Fri	8:00 a.m.
Eastland Center Section 1 - Near Lot	Grosse Pointe Woods Municipal Building 20025 Mack (between Morris and Warren) Mon-Fri	8:00 a.m.
Lakeside Mall Section 17 along King Rd.	Stratford Heights Park & Ride (8000 Mack) 40433 Urdia Road Mon-Fri	7:45 a.m.
Macomb Terminal 22900 E. 15 Mile Road Mon-Fri	Macomb Terminal 22900 E. 15 Mile Road Mon-Fri	7:45 a.m.
Pontiac Transportation Center (Greyhound) 1000 Woodward Drive West Mon-Sat	Pontiac Transportation Center (Greyhound) 1000 Woodward Drive West Mon-Sat	7:45 a.m.
Oakland Mall Lot 1 - Section 3.4	Royal Oak Transportation Center 200 Sherman Dr. - Mon-Fri	8:00 a.m.

SMART buses will lead the way on Thanksgiving Day to Michigan's Thanksgiving Parade. These holiday buses are easy to catch. Park your car free at one of eight boarding locations, board the SMART bus, all back, relax and enjoy the ride. The buses will arrive at the parade site about 9:00 A.M. Return trips will depart downtown 15 minutes after Santa passes at the end of the parade.

SMART bus tickets are \$4.00 round-trip. Children six and under not occupying a seat ride free. Tickets must be purchased in advance beginning Monday, November 12, 1990.

SMART bus tickets are also available at SMART's Transit Center, 600 Woodward Avenue, First National Building, Detroit 48226. Monday thru Friday from 9:00 A.M. until 4:00 P.M. Visa and MasterCard new time (minimum \$10.00) or SMART bus tickets can be purchased by mail.

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