

Disability insurance is neglected

By Sid Mitta
special writer

Between the ages of 35 and 65, seven of 10 workers will suffer a long-term disability, reports Best's Review. Yet 80 percent of the workers have no personal disability insurance.

If you are disabled, your paycheck will stop coming, but your bills won't. Even worse, new bills for medical expenses and rehabilitation will start to arrive.

Total the income you could count on if your paycheck stopped: sick leave, company insurance, Social Security, other governmental programs, workers' compensation, personal savings, and retirement money such as IRAs and pension plans.

Estimate your monthly expenses during an extended disability. The deficit, if any, should be covered by disability insurance.

You need 60 or 70 percent of the

potential deficit. A good policy has:

1. Own-Occupation clause. The policy should pay if you couldn't perform your own regular occupation.
2. Partial disability. The policy should cover even when you can work just part-time.
3. Guaranteed renewable. The company must renew your policy regardless of your past claims and present condition.
4. Rehabilitation benefits. The policy should provide these benefits to help you get back to work.

Now address the fact that one of four people older than 65 will require nursing home care. Medicare does just part of the job. A good long-term care policy should provide daily benefit of at least \$90, adjusted for inflation for four to six years. The premium should be fixed. The waiting period should be less than 90 days. The policy should provide skilled care, intermediate care and custodial care. Better quality

policies cover pre-existing conditions as long as they are disclosed when the policy is bought.

We have barely scratched the surface of risk management planning ideas. Here are two others.

A cross-purchase plan has two components. One is a contract between the shareholders of a corporation on the death of a shareholder, the surviving owner(s) will buy the deceased shareholder's stock at a predetermined price. The other is continued funding of the plan, which means that when you die, your salary will be continued to your surviving spouse. A high estate tax on your stock could cause a severe need for cash in your estate. If, however, the plan is funded with life insurance, the cash needed to buy the stock would be available almost automatically when it is needed.

Many policies provide substantial advantages to policy owners who need to withdraw the maximum

amount of cash from their life insurance policies.

The annual premium is made equal to the maximum premium allowed by law. The excess cash is placed in a side fund earning a competitive tax-deferred rate. The death benefit is the minimum possible permitted by law.

Organized this way, the policy owner can get the biggest possible zero-cost loans in excess of the minimum necessary to retain the policy.

Seminar: "Playing to Win: Financial Concerns of the Affluent Professional" 7-9:30 p.m. Thursday, March 21, In the Conference Room at 3250 W. Big Beaver, Troy. Reservations required, telephone 643-8888.

Sid Mitta is a professor of finance, school of business at Oakland University and owner of Coordinated Financial Planning.

GM takes charge of electrical cars

By Dan McCosh
special writer



auto talk

Dan McCosh

GM is going to be building an electric car within the next few years in Lansing, in the plant where they used to build Buick Reatts, one of those watershed events that could alter the automotive landscape for all time, or at least until somebody else gets another wild idea.

Strangely, GM's entry into electric cars mainly has been greeted with yawns by the bulk of the media. Maybe it's due to a Saturn-media-blitz hangover, but when GM announced two years ago that it was going to make a battery-powered car, the first in general production in the U.S. since the untimely demise of the Detroit Electric in 1935, there was surprisingly little interest.

Auto enthusiasts couldn't see much excitement in an overweighed, underpowered car that moves along in a kind of creepy silence. Hardcore technoids were cynical, noting that GM appeared to be plunging ahead with yesterday's technology, since it was going to use a battery based on a principle so old that it was in existence before anybody had figured out how to charge it up.

But as it turns out, GM was taking the then-fledgling California Green movement more seriously than most, and thus gained, if not a leg, at least a toe up on its competition.

CALIFORNIA, it seems, was serious about actually banning gasoline cars, particularly in the Los Angeles Basin, which disappeared about 15 years ago under a thick cloud of smoggy goo. Smog is so bad in California that the only alternative to banning gasoline cars would have been banning immigrants, which would have meant that Californians would have had to stop living off the real estate business and get a job.

The compromise was to demand that all auto companies selling cars in California had to build some percentage of their production as electric. The thinking was that an elec-

tric car didn't smoke, although some cynics quickly pointed out that the power plants that produced electricity did.

"Hah!" said the California Greens, pointing out that most of their electricity comes from clean-smelling natural gas, and most of the rest comes from Nevada, where they are too busy gambling to notice the acid rain. They also use more nuclear energy than practically any other state, which leaves the air clean, although it also explains why Beverly Hills types are starting to glow in the dark.

The end result is something of a mandated market for electric cars, which has prompted GM, Ford, Chrysler, Peugeot, Volkswagen, BMW and Honda, among others, to lay plans to churn out hundreds of thousands of the hummers.

MOST OF THESE companies figure that the big customers will be electric companies that have something to prove and will put their meter-readers in a couple of vans to make a public statement.

Not GM. They are serious about the market for an electric car you can drive to work, which will be happily recharging until you are ready for the trek home. Putting a couple of billion in Hughes Aircraft and related electronics ventures is part of the motivation — it gives GM a vast high-tech base to work from.

But mainly, GM sees a future in electric cars that is being ignored by nearly every other auto company in the world, and it's willing to take a chance.

Win or lose, it's going to be interesting.

Students are learning business concepts

Continued from Page 1

Kacholija, who has won several awards for participating in JA's night workshop program, said he was delighted with the experience.

"I had a great time working with kids and they were really responsive," he said. "It was a different routine and they could actively participate."

"It's a tremendous program useful for all areas of life," Kacholija added. "It has a practical value to whatever you're looking for."

CARL SOFIA, 29, a product engineer for Chrysler and a Farmington Hills resident, served as a business volunteer last semester in an Applied Economics course at Farmington High.

"What I wanted to accomplish was give these kids some guidance about what alternatives are out there, what it's really like to make a living," he said. "There are definitely choices out there to be made, and a lot of these kids aren't aware of it."

Sofia arranged for the students to tour a modern auto assembly plant. What made him decide to get involved with JA?

"I had wished I got better guidance than I did," Sofia said. "It's a nice balance with your work."

Bernard Call, a certified teacher for 27 years, worked with Sofia.

"You could never replace things they add," Call said of business vol-

unteers. "The kids hear it from someone in the business world, that's the way it is. It's not just theory."

JA hasn't abandoned its workshop program.

STEVE VULETICH, 27, a systems programmer for World Computer Corp. in Auburn Hills, managed the Farmington JA Center this year at Farmington High School. Previously, he served as an adviser to student companies for two years.

"It's a real fun organization. To tell you the truth, some achievers are real smart," Vuletich said. "It (company formation) really brings them into real life situations. In school, it's all theory."

"From the ground up, we built the

company. After 18 weeks, we liquidated the company. It showed them everything. Granted, it's not as real as real life, but it does show what goes on in corporations."

"They form the company, sell the stock, use the capital to buy raw materials, start production, go through sales, pay bills," he said.

Products manufactured by JA companies include ice scrapers, personalized buttons and Christmas ornaments.

"It's open from ninth grade through 12th grade," Vuletich said. "A wide variety of personalities and interests are involved. Most achievers are college bound interested in business, marketing."

datebook

● **INDUSTRIAL RELATIONS**
Thursday, March 7 — Industrial Relations Research Association meets. Info: 643-8997.

● **ENTREPRENEURSHIP**
Friday, March 8 — Entrepreneurship Forum. Fee: \$40. Info: Judy Scott, 506-0379.

● **SITE MANAGEMENT**
Thursday-Friday, March 8-9 through 22-23 — "Successful Site Management 101." Fee: \$350. Info: 532-1895.

● **BUSINESS CONSORTIUM**
Saturday, March 9 — Oakland County Business Consortium meets. Info: 851-1470.

● **CREATIVITY SEMINAR**
Saturday-Sunday, March 9-10 — "Perceptual Skills in Seeing: How to Unlock Your Creativity." Fee: \$75. Info: 645-3635.

● **MEASURE LOYALTY**
Monday, March 11 — "Research Tools for Measuring Customer Satisfaction and Loyalty." Fee: \$100. Info: 569-7095.

● **BIRMINGHAM CHAMBER**
Tuesday, March 12 — Birmingham-Bloomfield Chamber of Commerce meets. Info: 644-1700.

● **VENTURE GROUP**
Tuesday, March 12 — Southeastern Michigan Venture Group meets. Info: 889-8282 Ext. 260.

● **ENGINEERS NEEDED**
Wednesday, March 13 — Free program promoting engineering profession. Info: 832-5400.

● **TRAINING AND DEVELOPMENT**
Wednesday, March 13 — American Society for Training and Development meets. Info: 352-6972.

● **PR AND THE LAW**
Wednesday, March 13 — "Public Relations and the Law." Fee: \$45. Info: 544-3040.

● **BUSINESS COMMUNICATORS**
Wednesday, March 13 — International Association of Business Communicators meets. Info: 546-5490.

● **REAL ESTATE WOMEN**
Wednesday, March 13 — Commercial Real Estate Women meets. Info: 855-5700.

● **WOMEN IN LEASING**
Wednesday, March 13 — Women in Equipment Leasing meets. Info: 464-8100.

● **PURCHASING MANAGEMENT**
Thursday, March 14 — Joint meeting of National Association of Purchasing Management, APICS in Southfield. Information: 1-773-3737.

● **BUILDING OWNERS**
Thursday, March 14 — Building Owners and Managers Association meets in Detroit. Information: Jackie Lewis, 595-0402.

● **BAR CODE SEMINAR**
Thursday, March 14 — Seminar on bar coding begins at 5:15 p.m. in Southfield. Information: 773-3737. Sponsor: National Association of Purchasing Management.

● **CAREER WOMEN**
Thursday, March 14 — National Association of Career Women meets in Southfield. Information: 656-0752.

● **REVERSE MARKETING**
Thursday-Friday, March 14-15 — "Reverse Marketing" seminar in Troy. Fee: \$475. Information: Anna Flynn, (602) 786-5107. Sponsor: Purchasing Education Plus.

● **LISTENING SKILLS**
Friday, March 15 — "Effective Listening Skills" 9-11 a.m. in Southfield. Fee: \$60. Information: Kristen Nelson, 656-2120. Sponsors: Business/Professional Advertising Association, Adcraft Club.

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Tuesday, March 12
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