Choose a positive outlook, consultant says

By Doug Funke
staff writer

Negativity is learned. Negativity can be unlearned. It's up to everyone to decide as individuals whether they want to have a positive outlook in the workplace and at home, then make a conscious effort to do so.

Be prepared for a more satisfying life — and some funny looks — if you make the transformation.

That was the gist of a message provided Monday by Lois Wolfe-Morgan, a management consultant and motivational speaker, to a marketing club of the Livonia Chamber of Commerce.

"Every workday experience is a call to action," she said. "We can no longer wait around for someone to put rocks in our positive buckets. You have to do it yourself.

"You will get there if you remain strong and keep taking baby steps. My challenge is to say yes to positivism and say yes to life."

One of the best ways to get out of the negativity rut is to find ways to say yes rather than no to yourself and others, Wolfe-Morgan advised.

"By the time you're 35 years old, you've heard 'no' 300,000 times," she said. "We hear it from parents, teachers, children, bosses, friends, people we don't even care about.

"PEOPLE WHO don't have their expectations met form negative expectations," she said. "Negativity is a habit. Most people I meet don't prepare, plan or expect to be positive."

We sometimes set ourselves up for a negative experience in the morning when an irritating alarm rouses us out of a sound sleep. We see how lousy we look as we stumble into the bathroom, we hear all kinds of bad news from the radio or TV while getting ready, then we get bogged down in traffic while heading to work.

"Wouldn't it be neat if we could wake up and say, 'What a great, new morning,' Wolfe-Morgan said. "Most people don't believe they have options. They believe they're stuck in their rut.

"We can't wait around for the rest of the world to give us the compliments we need," Wolfe-Morgan repeated. "We have to tell ourselves those things."

But taking a few seconds to give undivided attention — and a compliment — to your children or colleagues at work will make you and them feel good.

"When you have increased satisfaction, you have increased productivity . . . the bottom line is up," she said.

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— Lois Wolfe-Morgan

WOLFE-MORGAN identified four magic phrases — "hmmmm," "ahhhh," "oh," and "tell me more" — that defuse negative conversation on the job and at home.

'You would be amazed at the power of these words," she said. "Use these four words over and over. What it does is stop you from fueling the fires of negativity."

Sure, you'll end up in some boring conversations, she said, but better boring than negative.

"We move in the direction of that which we think about," Wolfe-Morgan said. And excuses about lack of opportunity, dysfunctional families, divorce, poverty are just that — excuses, she said.

"Environment impacts life, people impact life but do you know who has the biggest impact on your life? You."

Don't be surprised if you're regarded a bit differently when you can change your outlook, Wolfe-Morgan said.

"People think you're weird because they're not accustomed to positiveness," she said. "They have become so comfortable in life it (negativity) has become part of their personality."

Beverly A. White, sales director for Lazer Images, agreed especially with Morgan-Wolfe's assertion that people choose to be positive or negative.

"SOME PEOPLE don't feel they have that choice. It is your choice, under all circumstances, to be positive," White said.

"I thought she was an excellent speaker," said Patty Donohue-Ebach, physical education director for the Livonia Family YMCA. "We have it in our power to choose to be positive or negative. I think most people make their own beds, then put the blame in other places."

"I liked the fact she said not to encourage a person who has a negative attitude . . . and (suggested) ways to cool them off," said Janet Ramsden, an administrative assistant at Suburban Medical Center. "It's something we can all put to use."

"You're not going to succeed if you have negative thoughts," said Peggy Crilley, a sales representative for Business & Pleasure Travel. "Positive thinking has to be not only in the workplace, but day-to-day living."

"I thought she had good points," said Phil Bahr, a partner in the CPA firm of Parker, Wittus & Co. "How many times do you fuel someone's negative comments?"

Pension options affect decision on early retirement

By Dan Boyce
and Alan Ferrara
special writers

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

To receive a free financial planning brochure or to obtain a questionnaire to participate in this column, contact the Center of Financial Planning, Dept. 100, 26211 Central Park Blvd., Suite 604, Southfield 48076 or call 948-7900. Names of participants are withheld upon request, and submitted financial data is confidential.

John Wright is facing one of the most difficult decisions in his career. Along with many of his peers, he has been offered an early retirement package from Unisys. Although he is inclined toward accepting the offer, he has requested our evaluation regarding his options.

Wright, 57, has worked for Unisys (formerly Burroughs) for the last 26 years. His wife has never worked outside the home, and their three children are grown and financially independent. They have a house in Plymouth that will be paid off in four years.

Wright has always planned to work at Unisys at least until age 62, and probably 65. He had never considered retiring until this recent package was offered. But if they can afford it, he would like to accept the offer.

Incentives in the early retirement package include a favorable formula used to determine the pension benefit. This calculation bases his pension on his higher "final average earnings," rather than on an average of his "career earnings," which would be used if he stayed on until age 62. Offsetting this somewhat is the fact he will have fewer years of service, a factor that reduces the pension benefit. Also, his medical insurance, would be, in effect subsidized. We calculate the value of the medical benefits package at approximately $100 per month.

In preparing for retirement, a major focus must be on the necessary income to meet projected expenses.

More important, an early retirement would give him the option to pursue other vocational opportunities. He has often thought he would enjoy teaching at the college level. But if landing a position proved difficult, he could work as a computer systems consultant/independent contractor.

IN PREPARING for retirement, a major focus must be on the necessary income to meet projected expenses. Fortunately, the Wrights have tracked their actual expenditures over the past few years. This provides them with an accurate picture of the income needed during retirement, which they estimate at $2,600 per month to maintain their current standard of living.

Retirement income generally comes from three sources: pensions, income from investments and Social Security. Because it will be five years before Wright reaches 62, he will have to rely initially on just the pension and investments plus any outside earnings from a new job.

At first blush, it appears that the Wrights should have no problem reaching their income goal. If Wright took the maximum pension for which he is eligible (unreduced by survivorship options or lump sum payouts), he would receive almost $1,500 per month. Income from his investment assets of $250,000 could provide the $1,100 per month needed to reach the $2,600 goal.

But Wright is concerned about the effects of future inflation on his required income. The pension payments are a fixed amount that will not increase over time. With a life expectancy of 20-25 years, the purchasing power of this pension benefit would be drastically reduced over time.

We would point out that they, in fact, have some built-in future increases in their spendable income. When Wright reaches 61, the house will be paid off and they will effectively increase their spendable income by $450 per month. The following year, when he reaches 62, he will be eligible for Social Security of more than $700 per month, and his wife would be eligible for Social Security benefits of $350 the following year.

BUT EVEN THESE amounts might not provide them with the needed cushion should inflation become a major problem. At just 5 percent inflation, their income needs would increase to more than $5,500 by the time they reach their late 60s. Our projections indicate that they might be financially secure with their current assets, but that this is dependent upon relatively favorable economic assumptions.

We conclude that he can accept the early retirement offer, but we would highly recommend that he pursue a teaching or consulting position for at least the next five years. By supplementing their income in this manner, they should be able to leave their investment assets virtually untouched, reinvesting all interest and dividends. The growth of these assets during the next few years will help provide a larger margin for a comfortable retirement even in more adverse economic conditions.

Wright has the option of taking his pension in a single lump sum payment rather than monthly payments. Under the basic pension plan, he could opt for a $125,000 lump sum payment, and there is a special retirement incentive that could pay him a lump sum of about $36,000.

Although the lump sum payments would increase their asset base, we would recommend that Wright elect to receive the monthly pension payments. This would not be the right solution for everyone. But especially because his wife has no pension of her own, the pension can provide a steady base of income for their daily living expenses. Cash flow is simply easier to monitor and manage with this regular income.

Also, the lump sum distribution would generate substantial immediate income tax liability. Because of this tax, they would have fewer assets earning interest. The actuarial interest rate assumption in the monthly pension is more than 8 percent. A lump sum election would require even higher rates of return to generate the same income because the taxes paid immediately reduce the principal.

The standard form of the pension provides that if Wright died, his wife would continue to receive 50 percent of the pension benefit. Alternatively, they could elect to have 100, 75 or 0 percent payable to the surviving spouse. Obviously, the greater the survivor benefit, the lower the pension payment will be. For example, the 100 percent survivor benefit option is only 85 percent of the amount paid under the single life option in which no survivor benefits are paid.

We would strongly suggest that they choose the 100 percent survivor option. Because Norma Wright has no pension of her own, she will need continuing income should she become widowed. Her income would already be reduced because she would not be receiving any of her husband's future earned income, nor would she receive his Social Security at age 62 although her widow's Social Security benefits would be available at age 60. A 50 percent or more reduction in the pension benefit in addition to these other reductions could be devastating.

Evaluating an early retirement package is not an easy process. Each individual set of circumstances is different, and there are few blanket answers. We'd encourage the Wrights to seek the advice of a personal financial adviser on these matters. This is a critical period for them, and the financial decisions made now may impact their future financial security for years to come.

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, Fealk, Ellis, Roeder & Lazar. Both serve on the board of directors for the Southeast Michigan Chapter of the International Association for Financial Planning.

Financial Position

CASH EQUIVALENTS	
Checking and Savings	*$4,300*
Tax-Free Money Market	*38,700*
Short-term CD's	*20,000*
INVESTED ASSETS	
Municipal Bonds	*$15,000*
Bond Mutual Funds	*22,600*
3300 shares Unysis Stock	*18,000*
Other Stock	*46,800*
Stock Mutual Funds	*32,600*
Limited Partnership	*10,000*
Unisys 401(k) plan	*41,300*
Cash & Investments	$249,300
NON-INVESTED ASSETS	
Residence	*$165,000*
Autos	*12,000*
Time-Share Property	*5,000*
Other Personal Assets	*10,000*
Non-Investment Assets	$192,000
TOTAL ASSETS	$441,300
LIABILITIES	
Home Mortgage	*$17,600*
NET WORTH	$423,700

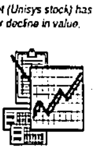
The Bottom Line

Advantages of Early Retirement:

- ✔ *Provides option to pursue other interests.*
- ✔ *Favorable pension formula.*
- ✔ *Retains option to work elsewhere.*
- ✔ *Favorable medical benefits package.*

Disadvantages of Early Retirement:

- ✔ *Earned income will decline significantly.*
- ✔ *"Years of service" (for pension calculation) less than anticipated.*
- ✔ *Pension has no cost of living adjustment.*
- ✔ *A significant asset (Unisys stock) has just had a major decline in value.*



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