

OAKLAND BUSINESS Finance

Know how to determine if 1 income will suffice

MORE THAN MONEY



SID MITTRA Ph.D.

A recent study shows that there are millions of working couples who want to become one-income families, but can't, mostly for financial reasons. The process of making a rational decision can be both slow and agonizing, especially because no one has devised the appropriate guidelines for making that decision. If you are a two-income family considering living on only one income so that one of you can stay home with children, start a business, go back to school or achieve personal objectives, you may find this article useful.

The Family Budget

Assuming that your decision will be based solely on financial considerations, we suggest that you begin by filling out a monthly budget form (See Table 1). In Part I, estimate your monthly income after taxes in two steps. First, record your current income under the column, "Both Spouses Working." Next column estimate your monthly income if one of you stopped working and record the data under the column, "One Spouse Working."

Part II, representing monthly expenses, involves a more elaborate estimation process. First, estimate the fixed expenses that are not likely to change when one of you quits working. These represent the usual household expenses like mortgage, utilities, food and clothing. They also include premium payments on various types of insurance contributions, retirement plans and other non-retirement investments.

Next estimate the expenses over which you have greater con-

TABLE 2	
Part I	
TOTAL ASSETS	
Available for Use	
Checking Account	\$ _____
Savings/Money Market	\$ _____
Cash Value of Life Insurance	\$ _____
Emergency Fund	\$ _____
Mutual Funds/Stocks/Bonds	\$ _____
Other	\$ _____
Not Available for Use	
IRA	\$ _____
401(K)/Profit Sharing	\$ _____
Real Estate	\$ _____
CO's	\$ _____
Tax-Deferred Investments	\$ _____
Other	\$ _____
Total	\$ _____
Part II	
CREDIT LINE	
Home Equity Loan	\$ _____
Credit Cards	\$ _____
Margin Accounts	\$ _____
Other (gift or loan from parents)	\$ _____

rol. Examine these expenses carefully and determine the degree of downward adjustments you can make in these expenses. Remember: Sacrifice is the key word as you downsize your income to accommodate the proposed reduction in your income. Finally, fill out Part III by bringing down the totals from Part One and Part II. The result will be a potential surplus or deficit in the column entitled, "One Spouse Working."

Process of Evaluation

If your calculations show a net monthly surplus, congratulate yourself for being in business and start the process of becoming a one-income family. If the total

shows a net monthly deficit, however, as might very well be the case, try reducing expenses again. Repeat the process outline above to see if this time you can take care of the potential deficit.

Other Viable Alternatives

If after trimming your expenses, you still can't get rid of the deficit, then the next step would be to list your assets and consider liquidating some of the assets listed under "Available for Use" to finance the deficit. Another alternative for you might be to consider getting a home equity loan or a line of credit to see if your problems can be resolved. Remember, however, that the use of the loan to solve a potential budget deficit

TABLE 1		Both Spouses Working	One Spouse Working
Part I: Monthly Income			
Husband:	Net Salary	\$ _____	\$ _____
	Other Personal Income	\$ _____	\$ _____
Wife:	Net Salary	\$ _____	\$ _____
	Other Personal Income	\$ _____	\$ _____
	Investment Income	\$ _____	\$ _____
	Rental Income	\$ _____	\$ _____
	Miscellaneous Income	\$ _____	\$ _____
A. Total Monthly Income		\$ _____	\$ _____
Part II: Total Monthly Expenses			
Fixed Expenses			
	Food	\$ _____	\$ _____
	House-related Expenses	\$ _____	\$ _____
	Children-related Expenses	\$ _____	\$ _____
	Insurance (Life, Health, Auto, Home)	\$ _____	\$ _____
	Interest on Loans/Credit Cards	\$ _____	\$ _____
	Misc. Expenses	\$ _____	\$ _____
	Savings/Investment	\$ _____	\$ _____
Flexible Expenses			
	Child Care	\$ _____	\$ _____
	Auto	\$ _____	\$ _____
	Clothing	\$ _____	\$ _____
	Entertainment/Gifts	\$ _____	\$ _____
	Travel	\$ _____	\$ _____
	Misc. Expenses	\$ _____	\$ _____
B. Total Monthly Expenses		\$ _____	\$ _____
Part III: Net Monthly Surplus (+)/Deficit (-)			
Monthly Income minus Expenses (A-B)		\$ _____	\$ _____

will automatically increase your fixed expenses unless, of course, you wish to repay the loan by liquidating your assets. Good Luck on becoming a one-

income family and reaching your cherished goals.

Sid Mittra is professor of finance, Oakland University, Ro-

chester Hills, and owner, Mittra & Associates, a Troy financial consulting firm. Oakland University Professor Jerrold Grossman critically reviewed this column.

BUSINESS MILESTONES

This column highlights promotions, transfers, hirings and other key personnel moves within the Farmington-area business community. Send a brief biographical summary — including the towns of residency and employment and a black-and-white photo, if desired — to: Business Editor, Farmington Observer, 33411 Grand River, Farmington, Michigan 48335. The Observer's fax number is 1-810-477-9722.

Burton Weistrah, M.D., of Farmington Hills, has joined the medical staff of Sinai Hospital in Detroit. He is a member of the American Medical Association, the Michigan State Medical Society and the Wayne County Medical Society. He served a residency in internal medicine at Sinai Hospital and received his medical degree from Wayne State University.

Michelle Andrusiak of Farmington Hills was among a group of top House of Representatives representatives who traveled on a training trip to Hawaii. She qualified for the trip based on outstanding sales achievements in 1994.

Scott Williams of Farmington Hills was promoted from second vice president to vice president by Michigan National Bank. He will be responsible for developing, implementing and managing consumer lending products. He earned his master's of business administration degree from the University of Michigan and his bachelor's degree from Michigan State University. Donald Tyrrell, of D.H. Tyrrell



Williams

Machinery Ltd. of Oakville, Ontario, Canada, has been appointed by Wolverine Pneumatics Mfg. Co. in Farmington as its representative in Canada.

Ernesto Serrano has been named Regional Sales Manager in charge of Latin American and Middle Eastern markets at Federal APD Inc., a Farmington Hills-based manufacturer of parking and access control equipment. He holds a master of arts degree in modern languages from the University of Connecticut.

Gary D. Lichtman of Farmington Hills has received the University of Detroit Mercy's JAA (Jesuit Advancement Administration) "Excellence in Media Relations" Award in Los Angeles. The award is given each year to the top Jesuit College that has in-

creased its visibility/credibility on a local as well as a national level through the media.

Kimberly McDonald-Bazlik was promoted to vice president, customer sales and services, at Allnet Communication Services Inc. In her new position, she will be responsible for the Customer McDonald-Bazlik Customer Collections, Credit Services and Revenue Protection Departments of the company. McDonald-Bazlik holds a bachelor of arts degree in communications from the University of Michigan. She is a member of the National Association of Credit Management and the National Association of Female Executives.



Bazlik

John Ross has joined Shanker & Stout Valuation Consultants Inc. as a director of the firm. In his position, Ross will be responsible for business development in the firm's services, including business valuation, real estate, machinery and equipment appraisal, litigation support and mergers and acquisitions. He will also oversee the firm's real estate valuation and machinery and equipment groups. He is a member of the Detroit chapters of the Institute of Property Taxation, Real Estate Round Table, Association for Corporate Growth and National Association of Corporate Real Estate Executives. He holds a bachelor of business administration degree with a



Ross

concentration in accounting from Eastern Michigan University and is in the master of science in finance program at Walsh College. He also holds National Association of Securities Dealers licenses and a real estate salesperson's license from the state of Michigan. He is an active member of the Alzheimer's Association's Detroit area chapter and the Oakland County Special Olympics.

Edward A. Goodman of Farmington Hills is a member of Chubb Life's Summit Club, which represents the company's leading 5 percent of independent insurance agents throughout the country. Goodman, who is principal of The Goodman Agency Inc., of Farmington Hills, was recognized at Chubb Life's annual White Mountain Club sales and educational conference, held in Puerto Rico.

Hills-based company awards certificates

Complete Business Solutions Inc., a Farmington Hills-based systems integrator, awarded graduation certificates to its third class of Detroit area students embarking on careers in computer consulting.

The program, called Fast Track Plus, started in January 1994 in partnership with Focus:HOPE, a Detroit-based, nonprofit career

development organization. Mike Hiltch, owner, Little Caesar's, the Detroit Tigers and the Detroit Red Wings, presented the certificates. The four recipients bring the total of graduates in Fast Track Plus to 16. The graduates have been placed at consulting sites around the country.

"Fast Track Plus has become an established component of

CBSI overall approach to human resource development," says Raj Vaitukuti, founder, president and CEO of CBSI. "The program is benefiting everyone: the students, CBSI, and our customers, who are eager to find motivated young people with the kind of skill set this program develops."

Students are selected after completing the basic

Focus:HOPE course, which is designed to upgrade their skills in mathematics and reading comprehension and to teach basic business work habits.

Typical entrants to Fast Track Plus also have a high school diploma, some work experience, active community involvement and a strong interest in computers. Many are also single parents.

Hills man elected president of JVS board

Dean J. Gould, a Farmington Hills resident and a partner in the law firm of Jackson, Gould, Baum, Upfal, Kuttman & Goldman, P.C., has been elected to a one-year term as president of the Jewish Vocational Service (JVS) Board of Trustees.

The announcement was made at the JVS annual meeting in Detroit attended by more than 400 community representatives, including Detroit Mayor Dennis W. Archer.

Elected to a one-year term of office July 1, Gould will join other community leaders re-elected as officers of the board. Serving

JVS offers vocational services on a nonsectarian basis for those requiring job replacement, career development, vocational rehabilitation, work activity and specialized senior adult services.

as vice presidents will be Dennis S. Eisenberg, Michael H. Trueman, and Brent Trist. Donald Lenox will continue as secretary and Robert Hartberg as treasurer of the JVS Board of Trustees.

Gould first became affiliated with JVS nearly 20 years ago as a student intern through the agency's Jewish Occupational In-

tern (JOI) program. He has since served on a variety of committees and held leadership positions with the organization.

Gould is also the past president and member of the board of directors of McJannet, a member of the

Michigan Regional Office of the Anti-Defamation League's advisory board; and a member of the Jewish Federation of Metropolitan Detroit's Culture and Group Services Division and Elders' Options Committee.

Gould is a member of the State Bar of Michigan and a graduate of the University of Michigan and the Wayne State University Law School.

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Farmington's Downtown Development Authority wants to talk business with Observer readers

The DDA is asking a simple question: **What kinds of new businesses would you like to see in downtown Farmington?**

To respond, just fill in the coupon, clip and mail to: Judy Downey, director, Farmington DDA, 23515 Suzie Street, Farmington 48335.

The DDA will hold an informational meeting at 7 p.m. Tuesday, July 11, in the Farmington City Hall to discuss the responses. The meeting is open to the public.

New business ideas:

Use additional sheet if necessary • Thank you for your response

Let's talk business

Give them the business: Share your opinions on new businesses in downtown Farmington, anyway Farmington's Downtown Development Authority has a simple question for Observer readers: **What types of new businesses would you like to see in downtown Farmington?** The DDA will discuss the responses at an informational meeting at 7 p.m. Tuesday, July 11. For more information, call the DDA at 473-7276.