Reap fruit of annuity, investment planning

An annuity is



a contract writ-ten by a life in-surance compa-SID MITTRA

SID MITTRA

SID MITTRA

STORE OF A STATED POINT AS THE MERCH AS THE MERC AS THE MERCH AS THE MERCH AS THE MERCH AS THE MERCH AS THE MERC

The annuity contract is often described as being the opposite of life insurance. It pays while you live: life insurance pays when you live: life insurance pays when you die. Actually, the two can complement each other. Instead of lumpaum benefit payments, many life insurance beneficiaries choose to use their policy's proceeds to purchase an annuity.

Why Buy Annuities

Why Buy Annuties

Many people buy annuities to give them retirement income for the rest of their lives. An annuity contract can also be a safe means of building assets for other purposes with a more limited time span.

An annuity has tax advantages. In a deferred annuity, the interest credited to your account builds up free of current income tax. You up free of current income tax. You pay no tax until you get the annuity's benefits. But, if you withdraw the accumulated value of your annuity contract before retirement age, there can be significant tax penalties and current

Annuities can be used to fund an Individual Retirement Ac-count. They also may be used in Keogh-type retirement plans for the self-employed.

Keogh-type retirement plans for the self-employed.

Who should consider purchasing an annuity? In addition to companies that buy group annuities to find their pension plans, the list is long. It includes many people who purchase annuities because they do not belong to retirement plans or because they want to supplement their pensions. The list may also include a person who has sold his or the business, a couple that has sold a home, a widow or divorces the both and the most income possible, but wants affety in terms of monthly payments, a grandparent who wants to provide for grand-children or someone who has a big who can't be certain about the future.

Types of Annuities

There are two basic types of an-nuity contracts. The kind of an-nuity you choose to buy deter-mines when benefit payments will

Immediate annuities are plans Immediate annuities are plans under which you arrange to have income payments atart at some future date. Interest builds up on the money contributed. Such plans provide income payments at once or soon after purchase. They are usually purchased with a lump aum payments.

Deferred annuities are plans under which you arrange to have income payments start at some future date. Interest builds up on the money contributed. Such

plans are often used by younger people to save money for retirement. These plans have become popular in good part because of the tax-deferred buildup during the accumulation period, the time during which you pay money into the annuity contract.

If you buy a deferred annuity with a lump sum, it is known as a 'single-premium deferred annuity.' You can, however, pay for your deferred annuity over a period of years. Typically, this type of contract allows flexibility in premium payments. Except for specified amount be paid in any given year. Such a contract, called a 'flexible premium retirement annuity, can be used as an Individual Retirement Account.

Under either form of deferred annuity, if you die before the annuity payments begin, the secumulated value of your contract is paid to your designated beneficiery.

You can also convert the cash

paid to your designated beneficiary.
You can also convert the cash value of your life insurance policy to an annuity. For example, if you are over 65 and your children are out of school and are financially self-sufficient, you may now feel you no longer need all of your life insurance coverage. Your life insurance policy probably contains an option allowing you to convert its cash value to a life-time income.

Next Week: Annuities and Investment Planning, Part II.

Sid Mittra, Ph.D., CFP, is pro-fessor of finance, Oakland Univer-sity, Rochester Hills, and owner, Mittra & Associates, a Try finan-cial consulting firm. American Council of Life Insurance provided material for this article.

OAKLAND BUSINESS & Finance

BUSINESS MILESTONES

This column highlights promo-tions, transfere, hirings, openings and other key business neaw with Farmington area connections. Send a brief biographical summa-ry—including the towns of resi-dency and employment and a photo, if possible, to: Business Editor, Farmington Observer, 33411 Grand River, Farmington 48335. The Observer's fax number is (810) 477-9722.

Jana Jensen of Farmington Hills has joined Franco Public Relations Group as an account assistant. She holds a bachelor's degree in communication educa-tion from Miami University, Ox-

Dr. Miriam Fablen of Farmington Hills, a professor of communication arts, is now the chaliperson of the English and communication arts department at Madonna University. She earned her degree from the University of Michigan in 1984 and has been with Madonna since 1987.

Ronald Merta, president of Creative House Advertising in Farmington Hills, and Frank Ablasi, director of retail sales for Guardian Mirror & Glass, announce that Creative House was elected to perform all advertising and marketing functions for Guardian Mirror and Glass in Shrewsbury, Mass.

Denny's, the nation's largest full-service family restaurant chain, announced that Andre Snyder of Farmington Hills has been selected to participate in the company's new Fast Track

franchise program which offers a unique financing plan.

The Fast Track program provides individualized restaurant training to eligible minority candidates with the opportunity to own a Denny's restaurant or take advantage of a management opportunity, upon successful completion of the program.

Snyder earned a master's degree from Pepperdina University and a bachelor's degree from Western Michigan University.

Alison Lash of Farmington Hills has been promoted to the position of manager in Arthur Andersen's Audit and Business Advisory Practice. In addition to serving clients in the Fi. Lash nancial Markets Industry, she specialities in providing Litigation Consulting Services.

Lash joined Arthur Andersen in 1990 upon graduating from Minaml University in Oxford, Ohio, where she received her bachelor's degree in business administration, majoring in accounting and finance.

HDS Services, a Farmington Hills-based food service and hospitality management company, hired Michael Goerner as regional vice president/northeast region. His responsibilities will include new account/sales development, as well as providing operational support to existing HDS units and to the regional director. Goerner is a graduate of the State University of New York at Buffalo.

Doug Hockenbrocht of Farm-ington Hills has been named Sen-ior Manager in Ernst & Young's Great Lakes Management Coun-sulting practice. He had provious

ly been a manager with Ernst & Young.
Hockenbrocht is a graduate of Taylor University and is now pursuing his master's in business administration at the University of Michigan.

Liberty Bidco Investment Corp. announces the relocation of its corporate office to 30833 Northwestern Highway, Suite 211, Farmington Hills. Phone (810) 626-6070.

Terry Harrison has been named technical support supervisor at the Farmington Hills-based Inalfa Hollandia, a leading supplier of roof systems to the world-wide automotive industry. Harrison who has been with the company since 1989, previously held the position of technical support engineer.

The American Society of Landscape Architects has acknowledged John Grisslim Grisslim Grisslim Metz Associates, a landscape architectural firm in Farmington Hills, a distinguished professional for his past work as a landscape architect. He was elected as a Fellow in the organization.

Ron Hale of Farmington has been appointed heirman of the Michigan Automatade Clearing House Association (MA-CHA), a coalition of financial institutions including tillo credit unions, banks and savings & loans.

& loans.

Hale's election marks only the second time a credit union representative has been selected as MACHA chair. In 1992 Hale received the Herb Wegner Memorality con-

If You Own A Business. . .





The Sun Financial Group Seminar For Small Business

Featured Speakers from: Couzens, Lansky, Fealk, El. Roeder & Lazar P.C. and Perrin, Fordree & Co. P.C

Join WXYT Talk Host, Chuck Moss on Tuesday,October 24th starting at 7:00 p.m. at Oakland Community College, Orchard Ridge Campus (Smith Theatre) for the help your business needs!

Refreshments will be served

- Business Planning Concepts
 Tax Structure Strategies
 Cash Flow Strategies
 Fringe Benefit Analysis

- Retaining Personnel
 Funding Concepts
 Financing Alternatives
 Much More

Sesting is limited so call today to reserve your seet (830) 250-2400

It's a small price to pay for peace of mind.

Now you can get the Protector 200 for just \$199° with free installation. The Protector 200 includes:

- a Control Heit

- Control Unit
 LCD Walk-mounted Keypod
 Two Door/Window Sensors
 Morion Delector
 Lottest in Wireless Technology
- A last, 24 hour mantioned security and the peace of erind you deserve, oil at a price you can officed. After oil, why lease when you can own a system from MetroCall Security for least Call today to see how the American-model Protector 200 can work in your home.



No source correct muse off.

BRIO'S Play Day! Saturday, OCTOBER 28° 10 A.M. to 3 P.M. over projects - 20% OFF BRIO; BRIO: during play day. Glant BRIO Rahway solup For play time. BRIO rep. Melissa Fox. on hand to demonstrato new products. PRIZES PRIZES • PEFRESHMENTS • FREE Coloring Book & Stickers. C PALE SHOP

Tubby's Sub Shop opens

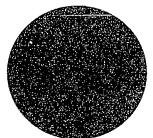
Miss Farmington, Audrie Chernauckas, recently joined about 50 business and civic leaders for the ribbon-cutting and grand opening of the Tubby's Sub Shop, 31715 Grand River, Farmington, Also on handware Livonia residents Robert and Rites Selenia, owners of Tubby's Farmington franchise, and officers from the Sterling Hielghau-hand even the Sterling Hielghau-hand promote Sterling Hielghau-hand promote

Big Point of Interest.



World's Biggest Allen Park, MI

Bigger Point of Interest.



RatePLUS™ Savings Michigan National Bank

Introducing Michigan National Banks new 0.50% APY RatePLUS savings account. This incredible interest rate is higher than a lot of money market and CD rates, except it's incredible interest rate is higher than a lot of money market and CD rates, except its fully liquid. As a RatePLUS Banking customer, you'll also enjoy checking with unlimited check writing. Plus, you get preferred mes on selected products and much more. So get a rate as high as many other investments around and the security of FDIC insurance with RatePLUS. Just stop by your local branch or call. 1-800-CALL-MNB



The Japan Institute Dark Prince (1994 Charles page is notable braces than Country in the Assemble Processes of Processes (1994 Charles) Processes