



BUSINESS & FINANCE

EDITOR MARGARET O'BRIEN • 901-2568

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Figuring out insurance plan not mysterious

Editor's note: This is the last article in a nine-part series on risk management. Next week's column will begin a series on tax planning.

Regardless of how old you are and comfortable you are with your current financial situation, any discussion of life insurance is bound to evoke emotional responses ranging from sheer exasperation to great relief. The reason is not hard to find. Life insurance is used as a tool for risk control, long-term investment, college education funding, estate planning, and a host of other objectives. It's little wonder that the topic of life insurance is frequently surrounded by myths, partial truths, and, most frequently, distrust for the agents who market them.

In this article we will explore the topic of computing your insurance needs.

Computing insurance needs

There is no mystery to determining how much life insurance you really need. Although the typical life insurance consumer thinks of purchasing life insurance only to cover a major catastrophe, the real solution boils down to a simple question: How large a lump sum is required today to provide the needed lifetime income for the surviving family in the event of the untimely death of the breadwinner. The best way to illustrate this point is to determine the life insurance need of a hypothetical family. Bob, 40, and Sue, 38, Hohauer have two children, Rita, 13, and Robert, 11. Sue is a homemaker. It is assumed that if Bob were to die today Sue will not start working and the surviving family will need a monthly income of \$2,000 in today's dollars until Sue reaches the ripe old age of 100 (100 - 38 = 62 years).

At one extreme is the possibility that if Bob dies today, and Sue stashas away available cash under the mattress, then she will need \$1,488,000 (\$2,000 x 12 months x 62 years) to reach her goal. At the other extreme is the possibility that if she manages to earn a whopping 16 percent return on her investment, she would need only \$161,992 to reach her goal. However, these examples are too simplistic to be of much use, because they take into account neither the impact of inflation nor the sources from which these incomes could be derived. For instance, we know that if Sue doesn't invest the money then she will need \$1,488,000 to generate a monthly income of \$2,000 until she is 100 years old. However, if she could invest the money at, say, 8 percent, then it would take only \$299,847 to reach her goal. That is, at 8 percent, a lump sum of \$299,847 will earn interest of \$1,188,163 (\$299,847 + \$1,188,163 = \$1,488,000) — truly an amazing story revealed by Table 1.

A matter of even greater surprise is that Sue needs \$291,992 to receive \$2,000 a month until age 80, which is only \$8,465 less than the \$299,847 she would need to receive that income until age 100. That is, it would cost only \$8,465 to receive a monthly income for an additional 20 years, or a total of \$480,000 (\$2,000 x 12 months x 20 years). Interestingly, at 16 percent this difference virtually

Table 1: Investment Returns				
Interest	Wife's age at death / Years earned	80/42	90/52	100/62
0%	\$168,000	\$1,008,000	\$1,248,000	\$1,488,000
4%	434,265	459,493	526,531	551,378
6%	342,781	369,452	384,110	392,167
8%	278,455	291,392	297,221	299,847
10%	232,004	238,307	240,636	241,496
12%	197,575	200,659	201,594	201,877
14%	171,411	172,927	173,304	173,398
16%	151,060	151,808	151,961	151,992

See MITTRA, D3

Sid Mittra, Ph.D., CFP, is professor emeritus of finance, Oakland University, Rochester, and owner, Mittra & Associates, a Troy financial consulting firm. You can e-mail questions or comments to Sid Mittra at smitta@oconline.com.

This column highlights promotions, transfers, hirings and other key personnel moves within the Oakland County business community. Send a brief biographical summary — including the towns of residence and employment and a photo, if desired, to: Business Milestones, c/o Business Editor, Observer & Eccentric Newspapers, 805 E. Maple, Birmingham, MI 48009. Our fax number is (810) 644-1314.



John Bascom of Rochester Hills, president and chief executive officer of Dearborn-based Magic Line Inc., will address

"Advanced Applications - What's New From the Networks." Bloomfield Hills-based Weiley Industries, Inc. named Iris Truitt as human resource manager of its Universal Applicators plant and Flint Coatings operation. Truitt, who is relocating to the area, will be responsible for staffing issues and achieving short- and long-term business growth goals of both operations.

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BUSINESS MILESTONES
Revolution* in New Orleans for a panel presentation entitled "Advanced Applications - What's New From the Networks." Bloomfield Hills-based Weiley Industries, Inc. named Iris Truitt as human resource manager of its Universal Applicators plant and Flint Coatings operation. Truitt, who is relocating to the area, will be responsible for staffing issues and achieving short- and long-term business growth goals of both operations.

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zation with 2,100 members. Vic-
field's term is for one year.

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the design and review of water
and power projects.

Melissa Lin-
droth of Madis-
on Heights and
Taylor Banks of
Rochester Hills
joined Spalding,
DeDecker &
Associates, Inc.
in Madison
Heights as engi-
neers. Lindroth
specializes in land development
and is responsible for
design and modification of
underground utilities in pro-
posed residential subdivisions.
Banks specializes in municipal
engineering and assists with

Warren-based Big Boy
Restaurants Interna-
tional announced the
following promotions:
Camillo
Cleveland of
Bloomfield
Hills was pro-
moted from assistant general
counsel to vice president, gen-
eral counsel; Jean Marie
Smith of Rochester Hills was
promoted from director of
human resources to vice pres-
ident of human resources; and
Rhonda Ardagna of Sterling
Heights was promoted from
director of corporate account-
ing to corporate controller.

Laura Griffith of Beverly
Hills was appointed national
sales manager at Southfield-
based WKBD UPN 50. Previ-
ously, Griffith served as
national sales manager at
WCBS/WRIF radio in Detroit
before joining WKBD.

Dave Marroco
of St. Clair
Shores was
recently pro-
moted from
senior account
executive to
account super-
visor on the
Lowe's Home
Improvement
Warehouse account at
Detroit-based W. B. Doner &
Co. Kathi Hiotaky-King of
Birmingham rejoined the
company as a senior account
executive, and will oversee
the day to day activities of the
agency's Faye Drug Stores
and Hills Department Stores
accounts.

six branch offices spanning three
counties, Peccard repeated the same
planning pitch during weekly com-
mittee meetings.

The Southeast Michigan Chamber
Alliance, that will eventually link
27,000 member companies, tackles
legislative issues, shared products
and services like Blue Cross and
Blue Shield group and health insur-
ance and, most importantly, stretches
the client base for members like
Peccard.

"On the six committees I sit on, I
spearhead the same discussions in
each meeting," said Peccard, who
turns 30 today. "Everyone is trying
to get on-line, but some might not
have the best idea of how to do it, so
sharing resources will eliminate
duplication."

"And it was important for us as a
benefit provider because we want to
reach as many customers as possi-
ble," she added. "We have six locations
so our chamber involvement is
very important for us, and when you

See CHAMBERS, D3

Local chambers join forces for benefits



Instead of repeating their efforts in every city, local chamber of commerce members have decided to join forces. The new alliance is expected to improve chamber effectiveness and cut costs.

By ROBERT SNEEL
SPECIAL WRITER

Local chambers of commerce have formed a new alliance that pools member resources, eliminates redundant programs and efforts and provides group health insurance, members of the new Southeast

Michigan Chamber Alliance announced last week.

Up until the Oct. 21 announce-
ment, Kathleen C. Peccard, marketing
director of Troy-based Peccard
Electronics, lived one big instant
replay during her tenure on six dif-
ferent chamber committees. With

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See CHAMBERS, D3

Entertainment

Troy company a leader in coupon publishing

By BARRI PERT TEMPLETON
SPECIAL WRITER

Everybody likes a bargain. It could be a pair of evening show tickets for the price of a matinee or enjoying dinner for two while actually paying for just one entree.

Offering consumers the chance to save a buck while helping a good cause is the cornerstone of Entertainment Publications, Inc.

The company, headquartered in Troy, recently introduced the 1997 edition of their Entertainment publication.

As in years past the current edition is packed with coupon savings for dining, travel shopping and leisure activities. All are presented at either two for one or 50 percent off on a purchase.

Sales of the books are conducted almost exclusively by non-profit organizations across metro-Detroit. Some 700 groups with thousands of volunteers are expected to receive plenty of fund-raising dollars from Entertainment books this year.

Having the local community reap benefits from book sales is just what Hughes and Sheila Potiker had in mind when they founded Entertainment Publications in 1982. The husband and wife team originally created the publication as a sports discount coupon book for Detroit con-

See ENTERTAINMENT, D3



Fund raiser: Kelly Scheffler of Entertainment Publications helps groups use the book to raise money.

Seminar to combat fraud, shrinkage

ENTREPRENEURS

SCORE Seminars
Nov. 12: Fraud, Shrinkage,
Security
Jan. 16: Business Plans
Feb. 11: Keeping
Customers
March 27: Marketing
April 15: Employee
Retention

consultant to a variety of business

en. Also scheduled is Charles Viers, operations manager for Birmingham's Jacuzzi's store.

The workshop will run from 9 a.m. until noon Nov. 12 at The Community House of Birmingham at 380 South Bates. Registration

begins at 8:30 a.m.

City parking structures offer the first two hours of parking free.

The fee for the seminar is \$15.

SCORE is a volunteer organization of retired executives from all fields in the business world, that counsels and assists small start-up or existing businesses.

SCORE is sponsored by the U.S. Small Business Administration and offers consulting on finance, retail, real estate, graphics and printing, manufacturing, accounting, marketing, export, sales training, restaurant management, food service and others.

Other seminars planned through 1997 include: SCORE Business Plan Seminar, Greeting and Keeping Customers, Marketing and Employee Retention.

For registration or further information, call SCORE at (313) 226-7947 and refer to the small business fraud, shrinkage and security seminar in Birmingham.

ODD JOBS

DIFFERENT WAYS TO MAKE A LIVING



Ready: Dereck Scheppele-
mann, founder of Fatality
Clean-Up, attired for his
unusual job.

Fatality' owner cleans up after death, tragedy

By BARRI PERT TEMPLETON
SPECIAL WRITER

It's not a job for the squeamish, but somebody's got to do it. And "Fatality Clean-up" owner Dereck Scheppeleman feels no shame in being "somebody."

Scheppeleman, of Auburn Hills, travels across Oakland County in a customized van fully equipped to clean-up homicide and suicide scenes. An answering service and personal beeper field calls from funeral directors and police agencies that request Scheppeleman's services at all hours of the day and night.

The 29-year-old father of two spent months researching the legalities and licensing involved before he opened his unique business last year. He said his company is the only one of its kind in the state of Michigan.

The name of your business is somewhat self-explanatory but what exactly is "Fatality Clean-Up" all about?

"Well, we offer the service of going in and cleaning-up after a

See ODD JOBS, D4