



SID MITTRE, Ph.D.

College debts manageable with aid plans

Editor's note: This is the final article in a seven-part series on educational planning.

This column will discuss several issues revolving around the repayment of student loans, including deferment, forbearance, graduated payment and loan consolidation.

Repayment of student loans

Obtaining a student loan is no easy task. But the repayment of the student loan can be even more onerous, considering the fact that the amount can run as much as \$50,000 for those graduating from law or business school, and \$100,000 or more for those just out of medical school.

Student loans are, of course, granted on the assumption that every student will make a good faith effort to repay the loans in a timely fashion. However, in today's uncertain economic environment, many graduates may find that they either do not have a job or are not making nearly enough to make systematic loan payments. For them, certain options are available which are discussed next.

1. Deferment

Unlike mortgages, which never have cancellation or deferment options, student loans accommodate the needs of people. If the graduate does not have a job, he or she may be eligible for a deferment. That means that the graduate does not have to pay immediately, and in some cases the interest meter may be turned off for a while.

The government grants deferments on its loans for about a dozen reasons, including returning to school, being pregnant if recently out of school, being temporarily disabled, or serving in the military.

2. Forbearance

People who cannot make ends meet but do not qualify for a deferment may be able to get forbearance. That suspends principal payments, although interest continues to accrue. Some borrowers actually can get certain loans forgiven if they meet certain specific conditions, such as teaching in a particular area or going into the military.

3. Graduated payment

Lenders also offer the option of graduated payment, featuring low monthly payments that gradually increase. While a \$5,000 loan at 8% would normally carry a monthly payment of \$60.67, a new graduate opting for a graduated repayment would pay only \$35.60 a month at first and end up with a final payment of \$101.92 after ten years.

4. Consolidation

One of the major problems with managing student loans is the fact that students seldom have just one loan. Most students put together a portfolio of loans, and can end up writing several checks each month and have to deal with a variety of terms and conditions.

That is one reason why some people opt to consolidate their school loans.

Under this federal program available through lenders, school loans totaling \$7,500 or more can be combined so that the borrower writes only one monthly check. The normal ten-year repayment period can be extended to 20 or even 30 years, making monthly payments much lower.

Consolidation offers a good compromise for people who cannot cover their current monthly payments, but consolidation has a price.

In an example from the Loan Counseling Task Force, a person with \$23,000 in school loans from three different programs pays \$84.42 less a month by consolidating and extending payments for 20 years. But over the life of the loan, that person will pay \$14,336 more in interest charges.

Next week: Preparing for long-term health costs.

Sid Mittre, Ph.D., CFP, is professor emeritus of finance, Oakland University, Rochester, and owner, Mittre & Associates, a Troy financial consulting firm. You can email questions or comments to Sid Mittre at smittre@oakline.com.

BUSINESS & FINANCE

EDITOR MARGARET O'BRIEN • 901-2568

THURSDAY, JANUARY 30, 1997 • PAGE 1 SECTION D(F)

Explore college aid now for best results



A student loan should be a last resort for financing a college education, according to college and bank officials. Scholarships and work-study programs should be the first stop in the search for college money.

BY SANDRA AMMERBUSTER
OAKLAND COUNTY EDITOR

If you are a high school student wondering how to finance a college education, there are alternatives to seek out before heading to the bank for a loan.

Instead, a meeting with a college

financial aid officer is in order, according to both college and bank officials.

January — which is Financial Aid Awareness Month — is a perfect time for both prospective and current students to apply for financial help, said Anne Barnard, director of

the Office of Financial Assistance and Scholarships at Oakland Community College.

That help can come in the form of federal and/or state need-based scholarships, grants or work-study programs. Those sources of aid are offered to OCC students before they seek out loans, Barnard said.

"The last option should be a loan, with a student getting a loan for only what is really needed," she said.

Agreeing with Barnard is Guy Atkinson, vice president with First

Chicago NBD and in charge of business development. "My advice is that these are loans, and students should borrow only what they need to go to school," Atkinson said. "Some want money to go to school and then buy pizza."

A loan for freshman or sophomore years of study are about \$2,025, but at OCC a more typical loan cost is \$500. The difference is due to the lower cost of attending the college, currently \$46 per credit hour, according to Barnard.

See FINANCIAL AID, D2



Trader: Trade Exchange of America President Fred Detwiler shows some of the items available for trade at the association's store on Nine Mile and Coolidge. TEA member can buy and sell without cash to fill their business needs. TEA is linked with several trade associations around the country.

Fair trade

TEA lets you buy and sell without cash

BY BARR PERT TEMPLETON
SPECIAL WRITER

When David Sawicki completes work on a printing job for a customer at his shop, he isn't picky about how he gets paid.

Sawicki, the owner of Fax, Print & Mail in Royal Oak, may receive car repairs

or catering instead of cash but that's all part of the fun of being a member of the Trade Exchange of America.

"I'd say 10 to 20 percent of my business is done on trade," smiled Sawicki, who joined the TEA in 1982.

Having satisfied customers who also happen to be successful business owners pleases TEA President Fred Detwiler.

Detwiler was employed at a radio station in Detroit that utilized the barter system when he started thinking about starting his own business. The station used to trade on air advertising spots for conference room rentals for company parties.

"It was a situation where both parties profited and I started thinking about it as a business," said Detwiler, who opened in

See BARTER, D4

Local phone service proposed rates Ameritech Call Plan 400

Communities	Current Rate	New Rate	Change
Southfield	\$13.25	\$13.75	\$0.50
Birmingham, Livonia	\$13.25	\$14.05	\$0.80
Auburn Heights, Drayton Plains, Farmington, Northville, Plymouth, Pontiac, Rochester, Troy, Walled Lake, West Bloomfield	\$12.80	\$14.05	\$1.25

Ameritech planning local rate increase

Ameritech filed a series of price adjustments with the Michigan Public Service Commission (MPSC) Jan. 21 that will raise basic telephone service rates for most Oakland County customers.

This marks the second change to basic local service rates in Michigan since 1994. "If prices aren't rebalanced to reflect true costs, competitive companies will not venture into many areas across the state and Michigan consumers will have fewer choices for telecommunications services," said

See PHONE, D4

SCORE offers free workshop on keeping customers

The Service Corps of Retired Executives will help business owners take the guesswork out of customer service at its workshop, "Keeping Customers," Feb. 11.

The seminar will explore customer feedback and:

- How to gather and use information for retaining current and developing new customers.

- Learning from what your customers like or dislike about your company's services, products.

- How customer satisfaction affects the health of your company. Presenters will be Nancy Baron, retail training manager for Comerica Bank and Linda Wasche, president of Marketworks, Inc.

The workshop, sponsored by

SCORE, the Birmingham Principal Shopping District and the Birmingham/Bloomfield Chamber of Commerce, is free to everyone.

It will run from 7:45-9:45 a.m. at the Community House of Birmingham, 380 South Bates. Parking is free for two hours in city structures.

To register call SCORE at (313) 226-7947.

ODD JOBS

...DIFFERENT WAYS TO MAKE A LIVING



STAFF PHOTO BY LAWRENCE R. MCKEE
Aaron private detective

It's not like the movies for real investigators

BY BARR PERT TEMPLETON
SPECIAL WRITER

If detective novels and late night movies ring true, the work of a private eye includes spending hours sitting in parked cars or ducking into dimly lit doorways.

Those tricks of the trade are new to the agents at Aaron Investigation Agency Incorporated in Bloomfield Hills.

The firm prides itself on its surveillance techniques which are both sophisticated and high tech.

Another staple of the Aaron method is discretion which prompted them to agree to share some on-the-job tidbits but only if the agent we talked to kept his name anonymous.

"We have a very upscale agency and our clients are some of the top corporations and names in metro-Detroit," said the agent.

"The average client is well to do and we cater to that plus we are the leading domestic agency in the

See ODD JOBS, D3

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 residency 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.



Monti division steel procurement and related activities, production

David Monti of Troy was named materials manager for The Budd Co.'s Stamping & Frame Division in Rochester.



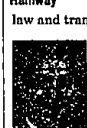
Cathel 13 accounts. Cathel comes to Doner from Southfield-based Bazzell Worldwide, Inc.

Karen Cathel of Ferndale joined W. B. Doner & Co. in Detroit as a senior art director working on the agency's Lowe's Home Improvement Warehouse and Upjohn Motrin

BUSINESS MILESTONES



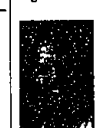
Hamway



Burgher

estate and securities litigation, and in civil, criminal and property tax appeals. Hamway practices civil and criminal appeals and business law and transactions.

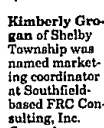
Robert Burgher joined W. B. Doner & Co.'s automotive account service department in Detroit as senior vice president, account



Grogan

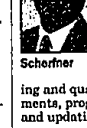
Kimberly Grogan of Shelby Township was named marketing coordinator at Southfield-based FRC Consulting, Inc. Grogan's responsibilities include assisting the sales force, creating innovative and effective marketing plans, and involvement in company goals and objectives.

Carl Scherfner of Lake Orion was named purchasing agent at Envisioning Hills-based Inalfa Hollandia, Inc., a leading supplier of OEM electric-



Lichtenberg

Peter Lichtenberg, Ph.D., of West Bloomfield, associate chief of the Department of Psychology and Neuropsychology at Rehabilitation Institute of Michigan, was elected as a fellow to the Gerontological Society of America, which is devoted to research, practice and education in aging. Lichtenberg was recognized based on his outstanding achievements and exemplary contributions.



Scherfner

sliding sunroofs to the worldwide automotive industry. Scherfner is responsible for materials purchasing, supplier relations, communicating with engineering and quality control departments, program management and updating purchase files.